

Holly Gray, Mayor Pro-Tem
Bryan Moyers, Councilmember
David Brundage, Councilmember



Carl E. Gierisch, Jr., Mayor

Brian Darby, Councilmember
Hogan Page, Councilmember
David Thompson, Councilmember

ROANOKE CITY COUNCIL AGENDA REGULAR MEETING

**OCTOBER 8, 2024
7:00 PM
500 S. OAK STREET
ROANOKE, TEXAS 76262**

A. CALL CITY COUNCIL TO ORDER

Invocation and Pledge of Allegiance

B. ANNOUNCEMENTS

C. PUBLIC INPUT

This item is available for citizens to address the City Council on any issues that are not the subject of a public hearing. No action by law may be taken on the topic. The presiding officer reserves the right to impose a time limit on this portion of the agenda. In order to provide the highest quality audio, all speakers need to speak at the podium.

D. CONSENT AGENDA

All items listed below are considered routine and will be enacted with one motion. There will be no separate discussion of items unless a Councilmember or citizen so requests, in which event the item will be removed and considered separately.

1. Consider approval of the minutes from the regular City Council meeting held on September 24, 2024.
2. Consider approval of an Interlocal Cooperation Agreement between the City of Roanoke and Denton County for Library Services.



**AGENDA FOR THE MEETING
OF THE ROANOKE CITY COUNCIL**

**October 8, 2024
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3. Consider approval of an Interlocal Agreement, Amendment No. 2 between the City of Roanoke and Northwest Independent School District for School Resource Officer Services.
4. Consider approval of an agreement between the City of Roanoke and Novotx for Public Works and Development Services software.
5. Consider approval of a Lease Agreement between the City of Roanoke and Vantage Financial, LLC dba Vantage Equipment Leasing, LLC for servers and storage.

E. NEW BUSINESS

1. Consideration and action on approval of Resolution No. 2024-108R nominating a candidate for the election of the Board of Directors of the Denton Central Appraisal District (DCAD).
2. Consideration and action on approval of Ordinance No. 2024-116 authorizing the issuance and sale of City of Roanoke, Texas, Combination Tax and Revenue Certificates of Obligation, Series 2024A; levying an annual ad valorem tax and providing for the security for and payment of the certificates; approving an official statement; providing an effective date; and enacting other provisions relating to the subject.
3. Consideration and action on approval of Ordinance No. 2024-117 authorizing the issuance and sale of City of Roanoke, Texas, Combination Tax and Revenue Certificates of Obligation, Series 2024B; levying an annual ad valorem tax and providing for the security for and payment of the certificates; approving an official statement; providing an effective date; and enacting other provisions relating to the subject.
4. Consideration and action on adoption of an Financial Policy for the City of Roanoke, Texas.
5. Consideration and action on adoption of an Investment Policy for the City of Roanoke, Texas.

The City Council reserves the right to adjourn into Executive Session during the course of this meeting to discuss any item on the posted agenda as authorized by Chapter 551 of the Texas Government Code.

F. ADJOURNMENT



**AGENDA FOR THE MEETING
OF THE ROANOKE CITY COUNCIL**

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CERTIFICATION

I certify that the above notice was posted at City Hall, 500 South Oak Street, Roanoke, Texas, on Thursday, October 3, 2024, by 5:00 pm, in accordance with Chapter 551, Texas Government Code.

A handwritten signature in blue ink, reading "April S. Hill".

April S. Hill, City Secretary

*Any person planning to attend this meeting that may require auxiliary aids or services should request accommodations two (2) days prior to the meeting by calling (817) 491-8152. **BRaille IS NOT AVAILABLE.**

A public wireless network is now available in the Council Chambers for use during meetings. It is available from 7am to 11pm Monday thru Friday. The name of the network is: COR-Guests



CITY COUNCIL AGENDA ITEM

TO: Mayor and City Council

SUBJECT: 09/24/2024 - CC Minutes

MEETING DATE: October 8, 2024

DEPARTMENT: City Secretary

ITEM SUMMARY:

Consider approval of the minutes from the regular City Council meeting held on September 24, 2024.

INFORMATION:

STAFF RECOMMENDATION:

SPECIAL CONSIDERATION:

FINANCIAL CONSIDERATION:

ATTACHMENTS:

1. CCMin 09-24-2024

Holly Gray, Mayor Pro-Tem
Bryan Moyers, Council Member
David Brundage, Council Member



Carl E. Gierisch, Jr., Mayor

Brian Darby, Council Member
Hogan Page, Council Member
David Thompson, Council Member

**MINUTES
ROANOKE CITY COUNCIL
REGULAR MEETING
SEPTEMBER 24, 2024
CITY HALL COUNCIL CHAMBERS
500 S. OAK STREET
7:00 P.M.**

PRESENT: Mayor Carl E. "Scooter" Gierisch, Jr.; Council Members: Brian Darby, David Thompson, Bryan Moyers, David Brundage, and Hogan Page; City Manager Cody Petree, and City Secretary April S. Hill.

DEPT. STAFF: Assistant City Manager/Chief of Police Jeriahme Miller, Fire Chief Chris Addington, Public Works Director Shawn Wilkinson, Parks and Recreation Director Ray McDonald, Assistant Chief of Police Jeff Williams, Communication and Public Administrator/Marketing Carissa Katekaru, Economic Development Manager Siale Langi, Human Resources Manager Jamie Seil, and Executive Assistant Jeannie Homer.

ABSENT: Mayor Pro Tem Holly Gray and City Attorney Jeff Moore.

A. CALL CITY COUNCIL TO ORDER

City Council called to order at 7:00 p.m.
Invocation and Pledge of Allegiance given by Mayor Gierisch.

B. ANNOUNCEMENTS

City Manager Cody Petree announced the Roanoke Fire Department Open House will be held on October 5th.

City Manager Cody Petree announced Union Pacific's Big Boy No. 4014, the worlds largest steam locomotive (also known as the "Big Boy" train), will be leaving Fort Worth at 8:00 a.m. and coming through Roanoke.

Mayor Gierisch announced Celebrate Roanoke will be held on Saturday, October 12th from noon to 10:00 PM.

Mayor Gierisch announced National Night Out will be held on October 1st.

C. PUBLIC INPUT



**MINUTES FOR THE REGULAR MEETING
OF THE ROANOKE CITY COUNCIL**

**September 24, 2024
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No one wished to speak.

D. PROCLAMATION

1. Mayor Gierisch read a proclamation, proclaiming October as Domestic Violence Awareness Month.
2. Mayor Gierisch read a proclamation declaring October 1, 2024 as National Night Out.
3. Mayor Gierisch read a proclamation declaring October 6-12, 2024 as Fire Prevention Week.

E. CONSENT AGENDA

All items listed below are considered routine and will be enacted with one motion. There will be no separate discussion of items unless a Councilmember or citizen so requests, in which event the item will be removed and considered separately.

1. Consider approval of the minutes from the regular City Council meeting held on September 10, 2024.

Motion made by Hogan Page second by David Thompson to approve Consent Agenda Item 1.

Motion carried unanimously.

F. NEW BUSINESS

1. Motion made by Bryan Moyers second by David Thompson to elect John McKenzie for director to the Texas Municipal League (TML) Region 8 Board of Directors.

Motion carried unanimously.

2. Motion made by David Thompson second by Hogan Page to appoint John Pullen, Angie Grimm, and Derek Diorio to the Parks and Recreation Board for a term ending October 2026.

Motion carried unanimously.

G. ADJOURNMENT

Motion made by David Thompson second by Brian Darby to adjourn the meeting at 7:12 p.m.

Motion carried unanimously.



**MINUTES FOR THE REGULAR MEETING
OF THE ROANOKE CITY COUNCIL**

**September 24, 2024
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Carl E. "Scooter" Gierisch, Jr., Mayor

April S. Hill, City Secretary



AGENDA ITEM

TO: Mayor and City Council

SUBJECT: Interlocal Agreement - Library Services

MEETING DATE: October 8, 2024

DEPARTMENT: Library

ITEM SUMMARY:

Consider approval of an Interlocal Cooperation Agreement between the City of Roanoke and Denton County for Library Services.

INFORMATION:

This agreement provides additional funding for the library from Denton County if the library agrees to offer free library cards to all Denton County residents.

STAFF RECOMMENDATION:

Staff recommends approval.

SPECIAL CONSIDERATION:

none

FINANCIAL CONSIDERATION:

The library will receive \$19,300 in funding for the fiscal year beginning 10/1/2024.

ATTACHMENTS:

1. 2024-2025 ICA Library Services - Roanoke
2. Exhibit A

THE STATE OF TEXAS
COUNTY OF DENTON

§
§
§

ROANOKE PUBLIC LIBRARY

INTERLOCAL COOPERATION AGREEMENT
FOR LIBRARY SERVICES

THIS AGREEMENT is made and entered into by and between Denton County, Texas, ("the **COUNTY**"), and the City of Roanoke, Texas, ("the **MUNICIPALITY**"), and has an effective date of October 1, 2024.

WHEREAS, the **COUNTY** is a duly organized political subdivision of the State of Texas engaged in the administration of county government and related services for the benefit of the citizens of the **COUNTY**; and

WHEREAS, the **MUNICIPALITY** is a duly organized municipality in Denton County, Texas, engaged in the provision of library and related services for the benefit of the citizens of the **MUNICIPALITY**; and

WHEREAS, the **COUNTY** has requested, and the **MUNICIPALITY** has agreed to provide library services for all residents of the **COUNTY**; and

WHEREAS, the **COUNTY** and the **MUNICIPALITY** mutually desire to be subject to the provisions of Chapter 791 of the Texas Government Code, the Interlocal Cooperation Act, and Chapter 323 of the Texas Local Government Code, regarding County Libraries.

NOW, THEREFORE, the **COUNTY** and the **MUNICIPALITY**, for the mutual consideration hereinafter stated, agree and understand as follows:

I.

The term of this Agreement shall be for the period from October 1, 2024, through September 30, 2025.

II.

For the purposes and consideration herein stated and contemplated, the **MUNICIPALITY** shall provide library services for the residents of the **COUNTY** without regard to race, religion, color, age, disability or national origin. Upon proper proof of residence, by an individual in the **COUNTY**, the individual shall be entitled issuance of a library card, at no cost, to be used in connection with said library services.

The **MUNICIPALITY** shall develop and maintain through the Library one or more of the following programs of service:

1. Educational and reading incentive programs and materials for youth.
2. Functional literacy materials and/or tutoring programs for adults.
3. Job training/career development programs and/or materials for all ages.
4. Outreach services to eliminate barriers to library services.
5. Educational programs designed to enhance quality of life for adults.

III.

The **COUNTY** designates the County Judge to act on behalf of the **COUNTY** and serve as liaison officer for the **COUNTY** with and between the **COUNTY** and the **MUNICIPALITY**. The County Judge or his designated substitute shall insure the performance of all duties and obligations of the **COUNTY** herein stated and shall devote sufficient time and attention to the execution of said duties on behalf of the **COUNTY** in full compliance with the terms and conditions of this Agreement. The County Judge shall provide immediate and direct supervision of the **COUNTY'S** employees, agents, contractors, sub-contractors, or laborers, if any, in the furtherance of the purposes, terms and conditions of this Agreement for the mutual benefit of the **COUNTY** and the **MUNICIPALITY**.

IV.

The **MUNICIPALITY** shall designate _____ to act on behalf of the **MUNICIPALITY** and to serve as liaison officer for the **MUNICIPALITY** with and between the **MUNICIPALITY** and the **COUNTY** to insure the performance of all duties and obligations of the **MUNICIPALITY** as herein stated and shall devote sufficient time and attention to the execution of said duties on behalf of the **MUNICIPALITY** in full compliance with the terms and conditions of this Agreement. _____ shall provide management of the **MUNICIPALITY'S** employees, agents, contractors, sub-contractors, or laborers, if any, in the furtherance of the purposes, terms and conditions of this Agreement for the mutual benefit of the **MUNICIPALITY** and the **COUNTY**.

The **MUNICIPALITY** shall provide the **COUNTY** with a copy of the annual report submitted to the Texas State Library and shall respond to the **COUNTY'S** annual questionnaire as documentation of the **MUNICIPALITY'S** expenditures and provision of service.

V.

The **MUNICIPALITY** shall be solely responsible for all techniques, sequences, procedures and coordination of all work performed under the terms and conditions of this Agreement. The **MUNICIPALITY** shall insure, dedicate and devote the full time and attention of those employees necessary for the proper execution and completion of the duties and obligations of the **MUNICIPALITY** as stated in this Agreement and shall give all attention required for proper supervision and direction of their employees.

VI.

The **MUNICIPALITY** agrees that its established library shall assume the functions of a county library within Denton County, Texas, and to provide a librarian who meets the requirements of the **MUNICIPALITY'S** job description.

VII.

The **COUNTY** and the **MUNICIPALITY** agree and acknowledge that each entity is not an agent of the other entity and that each entity is responsible for its own acts, forbearance, negligence and deeds and for those of its agents or employees. This Agreement does not and shall not be construed to entitle either party or any of their respective employees, if applicable, to any benefit, privilege or other amenities of employment applicable to the other party. The **MUNICIPALITY** understands and agrees that the **MUNICIPALITY**, its employees, servants, agents and representatives shall not represent themselves to be employees, servants, agents or representatives of the **COUNTY**.

*To the fullest extent permitted by law, the **MUNICIPALITY** agrees to hold harmless and indemnify the **COUNTY** from and against any and all claims and for all liability arising out of, resulting from or occurring in connection with the performance of the work hereunder, including but not limited to, any negligent act or omission of the **MUNICIPALITY**, its officers, agents or employees.*

The **COUNTY** and the **MUNICIPALITY** acknowledge and agree that the **COUNTY** does not waive any sovereign or governmental immunity available to the **COUNTY** under Texas law and does not waive any available defenses under Texas law. Nothing in this paragraph shall be construed to create or grant any rights, contractual or otherwise, in or to any third persons or entities.

VIII.

This Agreement is not intended to extend the liability of the parties beyond that provided by law. Neither the **MUNICIPALITY** nor the **COUNTY** waives any immunity or defense that would otherwise be available to it against claims by third parties.

IX.

Any notice required by this Agreement shall be delivered, in writing, by either the **COUNTY** or the **MUNICIPALITY** to the following addresses:

The address of the **COUNTY** is: Denton County Judge
1 Courthouse Drive, Suite 3100
Denton, Texas 76208
Telephone: 940-349-2820

The address of the **MUNICIPALITY** is: Roanoke Public Library
c/o City of Roanoke, Texas
500 S. Oak Street
Roanoke, Texas 76262
Attention: Kelly Holt
Telephone: 817-491-2691

X.

For the full performance of the services above stated, the **COUNTY** agrees to pay the **MUNICIPALITY** fees as described herein from current revenues available for such payment. The **COUNTY** shall pay the **MUNICIPALITY** fees in the amount of **NINE THOUSAND THREE HUNDRED AND NO/100 DOLLARS (\$9,300.00)**, based upon North Central Texas Council of Governments service population allocation figures provided to the **COUNTY** by the Library Advisory Board, payable annually to the **MUNICIPALITY** commencing on or about October 1, 2024. The Allocation chart setting forth said figures is attached hereto and incorporated herein for all intents and purposes as Exhibit "A." In addition, the **COUNTY** agrees to pay the **MUNICIPALITY** an amount not to exceed **TEN THOUSAND AND NO/100 DOLLARS (\$10,000.00)** in matching funds upon the following conditions:

1. The **MUNICIPALITY** shall attempt to secure funding from sources other than the **COUNTY**.
2. Upon receipt of additional funding, the **MUNICIPALITY** shall provide proof of the receipt of such funds to the Denton County Auditor on an annual basis.
3. The **COUNTY** shall match the **MUNICIPALITY'S** additional funding in an amount not to exceed \$10,000.00.

4. Payment by the **COUNTY** to the **MUNICIPALITY** shall be made in accordance with the normal and customary processes and business procedures of the **COUNTY** and payment shall be satisfied from current revenues of the **COUNTY**.

All funding by the COUNTY to the MUNICIPALITY is subject to the condition that the MUNICIPALITY shall have in place technology protection measures (commonly referred to as “filters”) with respect to any computers used by the public that have Internet access which are designed to block access through such computers to visual depictions that are (1) obscene, as defined by Section 43.21 of the Texas Penal Code, or (2) contain pornography. The technology protection measures shall be in compliance with the Children’s Internet Protection Act.

The MUNICIPALITY hereby certifies that its libraries have either installed and are using the required technology protection measures during use of its computers that have Internet access by the public at the present time or will have such protection measures in place and operational by October 1, 2024.

XI.

This Agreement may be terminated, at any time, by either party by giving sixty (60) days advance written notice to the other party. In the event of such termination by either party, the **MUNICIPALITY** shall be compensated pro rata for all services performed to the termination date, together with reimbursable expenses then due and as authorized by this Agreement. In the event of such termination, should the **MUNICIPALITY** be overcompensated on a pro rata basis for all services performed to the termination date or be overcompensated for reimbursable expenses as authorized by this Agreement, the **COUNTY** shall be reimbursed pro rata for all such overcompensation. Acceptance of such reimbursement shall not constitute a waiver of any claim that may otherwise arise out of this Agreement.

XII.

This Agreement represents the entire integrated Agreement between the **MUNICIPALITY** and the **COUNTY** and supersedes all prior negotiations, representations and/or Agreements, either oral or written. This Agreement may be amended only by written instrument signed by both the **MUNICIPALITY** and the **COUNTY**.

XIII.

The validity of this Agreement and any of its terms or provisions, as well as the rights and duties of the parties hereto, shall be governed by the laws of the State of Texas. Further, this Agreement shall be performable and all compensation payable in Denton County, Texas.

XIV.

In the event any portion of this Agreement shall be found to be contrary to law it is the intent of the parties hereto that the remaining portions shall remain valid and in full force and effect to the fullest extent possible.

XV.

The undersigned officers and/or agents of the parties hereto are the properly authorized officials and have the necessary authority to execute this Agreement on behalf of the parties hereto and each party hereby certifies to the other that any necessary orders or resolutions extending said authority have been duly passed and are now in full force and effect.

EXECUTED this _____ day of _____, 20____.

DENTON COUNTY, TEXAS

CITY OF ROANOKE, TEXAS

By: _____
Andy Eads, County Judge
Denton County, Texas

By: _____
Name: _____
Title: _____

ATTEST:

ATTEST:

By: _____
Denton County Clerk

By: _____
Town Secretary

AUDITOR'S CERTIFICATE

I hereby certify that funds are available in the amount of \$_____ to accomplish and pay the obligation of Denton County under this Agreement.

Denton County Auditor

DENTON COUNTY LIBRARY'S FUNDING (FY 2025)

PER CAPITA: \$ 0.338302
MATCHING: \$ 10,000.00

DENTON COUNTY POPULATION:	1,036,720
POPULATION OF CITIES WITH LIBRARIES	385,918
REMAINING POPULATION	650,802

	TOTAL	CITY	COUNTY	PER CAPITA	MATCHING	TOTAL	ROUNDED
LIBRARY	POP	POP	allocation	ALLOCATION	FUNDS		
AUBREY	63,184	23,520	39,664	\$ 21,375	\$ 10,000	\$ 31,375	\$ 31,400
FLOWER MOUND	212,065	78,941	133,124	\$ 71,742	\$ -	\$ 71,742	\$ 71,800
JUSTIN	17,886	6,658	11,228	\$ 6,051	\$ 10,000	\$ 16,051	\$ 16,100
KRUM	17,652	6,571	11,081	\$ 5,972	\$ 10,000	\$ 15,972	\$ 16,000
LEWISVILLE	365,363	136,006	229,357	\$ 123,603	\$ -	\$ 123,603	\$ 123,700
LITTLE ELM	156,264	58,169	98,095	\$ 52,864	\$ 10,000	\$ 62,864	\$ 62,900
PILOT POINT	16,164	6,017	10,147	\$ 5,468	\$ 10,000	\$ 15,468	\$ 15,500
PONDER	8,196	3,051	5,145	\$ 2,773	\$ 10,000	\$ 12,773	\$ 12,800
ROANOKE	27,205	10,127	17,078	\$ 9,203	\$ 10,000	\$ 19,203	\$ 19,300
SANGER	27,054	10,071	16,983	\$ 9,153	\$ 10,000	\$ 19,153	\$ 19,200
THE COLONY	125,687	46,787	78,900	\$ 42,520	\$ 10,000	\$ 52,520	\$ 52,600
TOTAL	1,036,720	385,918	650,802	\$ 350,724	\$ 90,000	\$ 440,724	\$ 441,300
Aubrey Population:							
Aubrey	9,187						
Crossroads	1,997						
Krugerville	1,978						
Providence	10,358						
Total	23,520						
Ponder Population:	2,851						
Dish (Interlocal Agreement)	200						
Total	3,051						



AGENDA ITEM

TO: Honorable Mayor and City Council

SUBJECT: ILA Amendment No. 2 - NISD School Resource Officers

MEETING DATE: October 8, 2024

DEPARTMENT: Police

ITEM SUMMARY:

Consider approval of an Interlocal Agreement, Amendment No. 2 between the City of Roanoke and Northwest Independent School District for School Resource Officer Services.

INFORMATION:

The City of Roanoke has provided a police officer to serve as a School Resource Officer at Byron Nelson High School since 2018 and added a second School Resource Officer at James M. Steele Early College High School in 2023. As a result of Amendment No. 2, Northwest ISD will continue to pay the City for two (2) School Resource Officers, one at Byron Nelson High School and one at James M. Steele Early College High School. This amendment modifies and amends the Interlocal Agreement signed in August 2022 and Amendment No. 1 signed in September 2023 to renew the agreement for a one-year term, commencing on or about August 1, 2024 and ending on or about July 31, 2025.

STAFF RECOMMENDATION:

Approve Amendment No. 2 to Interlocal Agreement with Northwest ISD.

SPECIAL CONSIDERATION:

FINANCIAL CONSIDERATION:

The City of Roanoke will pay 30% of the officers' salaries and the District will pay 70%. As a result, the District will pay the City \$205,233 for the maintenance of two (2) School Resource Officers for the 2024-25 school year.

ATTACHMENTS:

1. Interlocal Agreement - 2024-2025 NISD SRO - Amendment No 2



AGENDA ITEM

To: Board of Trustees

From: Mark Foust, Ed.D., Superintendent of Schools

Subject: Amendment to Memorandum of Understanding with The City of Roanoke for SRO Services for the 2024-2025 School Year

Date: August 13, 2024

Background Information and Rationale: Pursuant to Chapter 791 of the Texas Government Code, Texas Education Code, School Districts and other governmental entities may join together to increase efficiency and effectiveness, by authorizing them to contract, to the greatest possible extent, with one another and with agencies of the state.

This Amendment modifies and amends the Interlocal Agreement between the City of Roanoke and NISD for School Resource Officer signed in August 2022. The City of Roanoke, Texas and NISD agree to renew the Agreement for a one-year term, August 1, 2024 through July 31, 2025. The District will pay the city \$205,233 for the maintenance of the two (2) School Resource Officers.

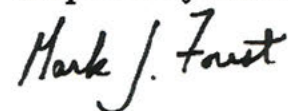
Support of Strategic Goals:

- Northwest ISD will provide personalized learning experiences and cultivate the growth and achievement of every student.
- Northwest ISD will recruit, value, and retain highly effective staff prepared to meet the individual needs of our students and learning community.
- Northwest ISD will foster a safe environment and culture of engagement that values the voices of all students, staff, families, and community members.

Budget and/or Fund Impact: Budgeted as part of the General Fund budget.

Recommendation: Approve Amendment Number Two to the Interlocal Agreement with the City of Roanoke, Texas for School Resource Officer Services and authorize the Superintendent or his designee to enter into contract as recommended by the administration.

Respectfully submitted,



Mark Foust, Ed.D.
Superintendent



Jonathan Pastusek
Chief Financial Officer



Mark Vechione
Exec Dir of Purchasing

**Amendment No. 2 to
Interlocal Cooperation Agreement by and between The City of Roanoke, Texas
and Northwest Independent School District for School Resource Officer Services**

This Amendment modifies and amends the Interlocal Agreement by and between The City of Roanoke, Texas and Northwest Independent School District for a School Resource Officer ("Agreement"), signed in August 2022. The terms contained in this Amendment are fully incorporated into the Agreement as if stated therein. To the extent the terms of the Agreement conflict with terms of this Amendment, the terms of this amendment shall control.

Term. Pursuant to Section VII of the Agreement, the City and District agree to renew the Agreement for a one-year term, commencing on or about August 1, 2024, and ending on or about July 31, 2025.

Funding/Consideration. Paragraph 6.01 is amended and replaced with the following: "In consideration for the services provided under the Agreement, for the 2024-2025 school year, the District will pay the City an amount not to exceed **\$205,233** for the maintenance of the two (2) School Resource Officers."

By signing this Amendment, each party affirms that it has been approved by its respective governing body in a duly called public meeting.

NORTHWEST ISD

P.O. Box 77070

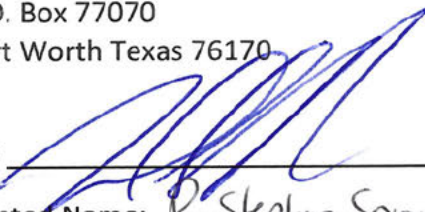
Fort Worth Texas 76170

By: _____

Printed Name: _____

Title: _____

Date: _____


Printed Name: R. Stephen Sprawls
Title: President, Board of Trustees
Date: August 13, 2024

City of Roanoke, Texas

500 S. Oak Street

Roanoke, TX 76262

By: _____

Printed Name: _____

Title: _____

Date: _____



AGENDA ITEM

TO: Mayor and City Council

SUBJECT: Novotx - Public Works & Development Services Software

MEETING DATE: October 8, 2024

DEPARTMENT: Administration

ITEM SUMMARY:

INFORMATION:

Novotx's Elements XS is a versatile, GIS-centric software platform designed for local governments to simplify asset management, permitting, and work order processes. It leverages your existing GIS data for real-time spatial data management, enhances infrastructure management, route planning, development application and review and increases responsiveness to citizen requests through improved data visualization.

STAFF RECOMMENDATION:

Staff recommends approval

SPECIAL CONSIDERATION:

FINANCIAL CONSIDERATION:

This was an approved item in the FY25 budget.

ATTACHMENTS:

1. Novotx Software License Agreement - Roanoke SLA - 20240927 (1)
2. Novotx Sales Agreement - QT_City of Roanoke_v2 (1) (1)



**NOVOTX LLC
SOFTWARE LICENSE AGREEMENT**

This Software License Agreement (“**Agreement**”) is made as of September 20, 2024(the “**Effective Date**”), by and between NOVOTX LLC, a Utah limited liability company with offices at 4905 South 1500 West Suite 210 Riverdale, UT 84405 (“**Novotx**”) and the party identified below (“**Licensee**”).

Licensee: <u>The City of Roanoke, Texas</u>	Contact name: Blake Gore
Address: 500 S Oak St Roanoke, TX 76262	Contact title: IT Director
	Contact email bgore@roanoketexas.com
	Contact phone: 817-491-6097

Licensee desires to obtain a license to certain proprietary software of Novotx. Novotx is willing to license such software to Licensee and provide certain software maintenance and support services in relation to such software, to the extent set forth in this Agreement and subject to the terms and conditions hereof.

1. BACKGROUND

1.1 Definitions. As used in the Agreement or in any Exhibit hereto:

(a) “**Confidential Information**” means all trade secrets and all non-public business and financial information, computer software and documentation, machine and operator instructions, business methods, procedures, know-how, and other information that relates to the business or technology of either party.

(b) “**Documentation**” means the Novotx user guides, manuals and associated documentation provided to Licensee with or for the Licensed Software.

(c) “**License Limits**” means the permitted number of users of the Licensed Software, the organizational unit(s) permitted to use the Licensed Software, the maximum organization size, and/or other applicable limitations or conditions associated with the pricing of Licensee’s license, as specified in the Sales Order.

(d) “**License Term**” means the duration of the software license being procured by Licensee under this Agreement, as specified in the Sales Order and as may be renewed and/or terminated in accordance with this Agreement.

(e) “**License Type**” means the type of license (such as a production license, evaluation license, or development and/or demonstration license) being procured by Licensee under this Agreement, as specified in the Sales Order. If the License Type is not specified in the Sales Order, it will be presumed to be a production license or, if no license fees are being charged, a non-production evaluation license.

(f) “**Licensed Software**” means Novotx’s computer software program(s) for which Licensee is procuring a license pursuant to the Sales Order, and any modules, add-ons, interfaces, modified versions, updates or enhancements to such programs that Novotx may provide to Licensee pursuant to Maintenance and Support or pursuant to the Sales Order or a separate, applicable services agreement (if any) between Licensee and Novotx.

(g) “**Maintenance and Support**” has the meaning given in Section 4.2.

(h) “**Sales Order**” means the Novotx order form or similar document that references or is attached to this Agreement, as executed by Licensee and Novotx, and that identifies the software being licensed hereunder.

(i) “**Online Services**” means any web, software, or data services or components, such as third-party geographic information services (GIS) or utility billing services, that supply information to, perform tasks for, or otherwise interact with the Licensed Software via the internet.

1.2 Applicability of Certain Terms. As more specifically indicated herein, certain terms and conditions of this Agreement apply only if the license to the Licensed Software is of a certain type or duration. The applicability of those terms and conditions will be determined by the License Type or License Term indicated in the Sales Order. Any terms or conditions of a Sales Order or other document submitted by Licensee that are in addition to or inconsistent with the terms of this Agreement will not be binding on Novotx unless Novotx expressly agrees to the applicability of such terms in writing signed by an authorized officer of Novotx.

1.3 Acceptance of Terms. Licensee will be deemed to have accepted this Agreement either by signing this document or by submitting the Sales Order.

2. LICENSE GRANT AND SCOPE

2.1 Grant. Subject to the terms and conditions of this Agreement, Novotx grants to Licensee a non-exclusive, non-transferable license, during the License Term and within the License Limits, to:

(a) install and use the Licensed Software, in executable form only, solely to the extent and for the purpose(s) described in Section 2.2 for the given License Type;

(b) configure the Licensed Software, using the macro or scripting languages, published application programming interfaces (APIs), and/or other mechanisms provided or specified by Novotx for that purpose, consistent with all applicable configuration instructions and other guidelines set forth in the Documentation; and

(c) reproduce the Licensed Software solely as necessary to facilitate its installation, configuration, and use as authorized above.

2.2 Scope of Use. Unless otherwise expressly agreed in the Sales Order, the Licensed Software may be installed only on servers owned or controlled by Licensee, configured and used only for Licensee's internal business or organizational purposes, and accessed only on compatible devices via the web-based or other interface(s) enabled and documented by Novotx. The scope of Licensee's permitted installation and use of the Licensed Software is further limited based on the License Type, as follows.

(a) **Production License.** If the License Type is a production license, the Licensed Software may be installed and used only: (i) on one server for production use; (ii) on one server solely for non-production staging and testing purposes; and (iii) on one server solely for backup or emergency fail-over purposes (to be used only if and when the primary production server is unavailable).

(b) **Non-Production Licenses Generally.** If the License Type is not a production license, the Licensed Software may not be installed or used in a production environment, but may be installed and used only: (i) on one server solely for the kind(s) of use that are associated with the specific non-production License Type, as set forth below; and (ii) on one server solely for backup or emergency fail-over purposes (to be used only if and when the primary server is unavailable).

(c) **Beta or Evaluation.** A beta and/or evaluation License Type allows Licensee to test and evaluate the Licensed Software in a non-production environment in order to: (i) identify issues in the Licensed Software and provide feedback to Novotx; and/or (ii) assess whether to procure a production license from Novotx.

(d) **Development.** A development License Type allows Licensee to use the Licensed Software in a non-production environment directly in support of Licensee's development and testing of its own software applications or services that interface or interoperate with the Licensed Software. For clarity, a development License Type does not include or imply any rights to reverse engineer or create derivative works of the Licensed Software.

(e) **Demonstration.** A demonstration License Type allows Licensee to use the Licensed Software in a non-production environment to demonstrate the Licensed Software and, if combined with a development License Type, to demonstrate Licensee's own software applications or services that interface or interoperate with the Licensed Software, in each case for the purpose of directly or indirectly encouraging third parties to license the Licensed Software from Novotx or its authorized channel partners. For clarity, a demonstration License Type does not include or imply any license rights under Novotx's trademarks, or any rights to sublicense or distribute the Licensed Software. Licensee will make no representations, warranties, or other statements regarding the Licensed Software that are inconsistent with Novotx's published literature or that state or imply any endorsement by Novotx or any authority to speak or act on Novotx's behalf.

(f) **Other License Types.** If the License Type is of a kind not described above, the Licensed Software may be installed and used only to the extent and for the purpose(s) expressly described in the Sales Order.

2.3 Use by Representatives. The license rights granted above will extend to Licensee's employees, agents, consultants, and independent contractors, but solely to the extent they are acting on Licensee's behalf and otherwise comply with the terms and conditions of this Agreement. Licensee will be responsible for all of such persons' acts and omissions in relation to the Licensed Software as if they were Licensee's own acts and omissions.

2.4 License Limits. Licensee acknowledges that the pricing of the license granted under this Agreement is based in part on the License Limits set forth in the Sales Order.

(a) **User Limits.** Any stated limit on the number of users indicates the maximum number of individuals who may at any time possess login credentials to access or use the Licensed Software under Licensee's license. Multiple individuals may not share the same login credentials.

(b) **Organizational Units.** If the Sales Order indicates that the license is for use by or for any particular organizational unit(s) (for example, a department or division within Licensee's organization), then the license granted hereunder extends only to use by or for (as the case may be) such organizational unit(s).

(c) **Organization Size.** Any stated limit on the size of Licensee's organization or applicable organizational unit shall, unless otherwise provided in the Sales Order, refer to the total number of individuals employed by or otherwise regularly working within that organization or organizational unit.

(d) **Increasing License Limits.** If any change (such as any increase in the number of users or growth of Licensee's organization) would cause the License Limits to be exceeded, then in order to continue using the Licensed Software, Licensee must increase the License Limits commensurate with those changes, by executing a new or revised Sales Order with Novotx and paying the corresponding additional fees that are then in effect.

2.5 Restrictions. Licensee acknowledges that the Licensed Software and its structure, organization, and source code constitute valuable trade secrets of Novotx and its licensors. Except as expressly permitted by this Agreement, Licensee agrees that Licensee shall not, and shall not permit any third party that acquires access through its relationship with Licensee, to: (i) modify, adapt, alter, translate, or create derivative works of the Licensed Software; (ii) sublicense, distribute, sell, use for service bureau use, lease, rent, loan, or otherwise transfer the Licensed Software to any third party; (iii) reverse engineer, decompile, disassemble, or otherwise attempt to derive the source code for the Licensed Software (except to the extent, if any, that applicable law prohibits restrictions on such activities); (iv) remove, alter, cover or obfuscate any copyright notices or other proprietary rights notices included in the Licensed Software; or (v) otherwise install, configure, reproduce, or use the Licensed Software except as expressly permitted under Section 2.1.

2.6 Reservation of Rights. As between the parties, the Licensed Software, and all worldwide intellectual property rights therein, are the exclusive property of Novotx and its licensors. All rights in and to the Licensed Software not expressly granted to Licensee in this Agreement are reserved by Novotx and its licensors. Novotx shall have the unrestricted right to use or act upon any suggestions, ideas, enhancement requests, feedback, recommendations or other information provided by Licensee or any other party relating to the Licensed Software, except to the extent, if any, that it contains Confidential Information of Licensee that is not specifically related to the Licensed Software, as acknowledged by Novotx in writing.

3. DELIVERY AND ACCEPTANCE

3.1 Delivery. Novotx will deliver the Licensed Software to Licensee by making it available for download by Licensee, or by installing it via remote access to Licensee's designated server(s), as specified in the Sales Order or otherwise mutually agreed by the parties. Licensee agrees to provide Novotx with all cooperation reasonably necessary to enable such delivery, and acknowledges that installation or other implementation services by Novotx may be subject to additional fees, as specified in the Sales Order or a separate services agreement between the parties.

3.2 Additional Materials. The Licensed Software may be accompanied by, or Novotx may separately make available to Licensee, Documentation, additional software, software developer kits, APIs, scripts, templates, and/or other materials that relate to the Licensed Software (collectively, "**Additional Materials**"). The Additional Materials may be furnished under separate licensing terms (including open-source license terms, where applicable), and you agree to read and comply with any such terms as they apply to the Additional Materials. Except as otherwise provided in any such licensing terms (as applicable), or in the absence of such terms, you may use the Additional Materials only in support of your authorized installation, configuration, and use of the Licensed Software, and such Additional Materials will be subject to the same restrictions and reservations of rights that apply to the Licensed Software as set forth in this Agreement.

3.3 Acceptance. The Licensed Software will be deemed accepted upon delivery as set forth above, except to the extent otherwise expressly agreed in the Sales Order. In any event, the Licensed Software will be deemed accepted no later than Licensee's deployment or use thereof in a production environment.

4. TRAINING; MAINTENANCE AND SUPPORT

4.1 Training Services. Novotx will provide the training services defined in the applicable Sales Order, if any, in exchange for the fees specified therein. Licensee will be invoiced separately for any travel related expenses incurred by Novotx employees in connection with any such training services.

4.2 Maintenance and Support. If the License Type is a production license or other form of paid license, Novotx will provide Licensee with application maintenance and technical support services for the Licensed Software ("**Maintenance and Support**") as described in the attached **Exhibit A**, subject to Licensee's payment of all applicable fees as provided therein.

5. FEES AND PAYMENT

5.1 Fees. Licensee will pay the license, Maintenance and Support, and other fees specified in the original Sales Order and any revised or subsequent Sales Orders executed by both parties.

5.2 Payments. The fees will be payable in accordance with the payment schedule, if any, specified in the applicable Sales Order. If not otherwise specified in the Sales Order: (i) license fees are due and payable in advance at the beginning of the License Term and, if applicable, each renewal period; and (ii) Maintenance and Support fees, if applicable, are due and payable in advance at the beginning of the relevant Maintenance and Support period, as more fully set forth in the attached **Exhibit A**. All payments must be made in U.S. dollars. Any amounts not paid within thirty (30) days of the invoice date will accrue interest at the lesser of one and one-half percent (1.5%) per month or the maximum rate permitted by applicable law, from the due date until paid. Licensee shall reimburse Novotx for all its costs and expenses, including reasonable fees of its legal counsel, reasonably incurred by Novotx in collecting any amounts past due from Licensee that are not subject to good faith dispute.

5.3 Price Changes. Novotx's prices are subject to change, except as otherwise agreed in the Sales Order. Any periodic license or Maintenance and Support renewals, and any increase in License Limits, will be charged at the fees then in effect. By permitting the License Term or Maintenance and Support term to renew after being informed of any price change, Licensee agrees to pay the updated fees upon such renewal.

5.4 Taxes. Fees exclude, and Licensee will bear, all applicable sales, use, and other taxes and all applicable export and import fees, customs duties and similar charges. When applicable, Novotx may include any taxes that it is required to collect as a separate line item on an invoice.

5.5 Audit Rights. On Novotx's request, no more frequently than annually, Licensee shall furnish to Novotx an executed certification: (i) verifying that the Licensed Software is being used pursuant to the terms of this Agreement; (ii) verifying the number of users or metrics relevant to the applicable License Limits; and (iii) listing the site(s) where the Licensed Software is installed. Licensee agrees to grant Novotx reasonable access to Licensee's relevant site(s), systems and personnel upon two (2) weeks prior written notice during normal business hours to audit the use of the Licensed Software for the purpose of verifying compliance with this Agreement.

6. WARRANTY AND DISCLAIMERS

6.1 Performance Warranty. If the License Type is a production license, for a period of ninety (90) days after the Licensed Software is first accepted under Section 3.3 (the "**Warranty Period**"), Novotx warrants that the Licensed Software, when used as permitted by Novotx and in accordance with the Documentation, will operate substantially as described in the Documentation. Novotx does not warrant that the functions provided by the Licensed Software will meet all of the requirements of the Licensee or that the Licensee's use of the Licensed Software will be error-free or uninterrupted. If the foregoing warranty is breached, Novotx will, at its expense and for a

cure period of sixty (60) days after written notice of the breach, use commercially reasonable efforts to correct any material, reproducible error in the Licensed Software reported to Novotx by Licensee in writing during the Warranty Period. If Novotx is unable to remedy the breach of this warranty within the sixty (60) day cure period, Licensee shall have the right to terminate this license upon the end of such cure period for a refund of Licensee's prepaid license fees. The foregoing sets forth Novotx's sole obligation and Licensee's exclusive remedy for any breach of warranty. Any error corrections, updates, or the like provided to Licensee will not extend the Warranty Period. The limited warranty granted under this Section does not extend to: (i) changes or errors in the operating system or hardware on which the Licensed Software operates; (ii) problems caused by the improper installation or use of, or any alterations to, the Licensed Software by Licensee or any third party receiving access to the License Software through Licensee; (iii) problems caused by any data input into the Licensed Software; or (iv) problems caused by third-party equipment, software, or services, including but not limited to any unavailability of, errors in, or changes to any Online Services.

6.2 No Other Warranties. THE EXPRESS WARRANTIES IN SECTION 6.1 ARE IN LIEU OF ALL OTHER WARRANTIES, EXPRESS, IMPLIED OR STATUTORY, REGARDING THE LICENSED SOFTWARE, ADDITIONAL MATERIALS, MAINTENANCE AND SUPPORT, AND OTHER SERVICES FURNISHED HEREUNDER, AND NOVOTX EXPRESSLY DISCLAIMS ALL OTHER WARRANTIES, INCLUDING ANY WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, SECURITY, TITLE AND NON-INFRINGEMENT OF THIRD PARTY RIGHTS. LICENSEE ACKNOWLEDGES THAT IT HAS RELIED ON NO WARRANTIES OTHER THAN THE EXPRESS WARRANTIES PROVIDED HEREIN AND THAT NO WARRANTIES ARE MADE HEREIN BY ANY OF NOVOTX'S LICENSORS.

6.3 Online Services. Any Online Services that Novotx leverages or makes accessible through the Licensed Software will be obtained from sources believed to be reliable, but their availability, accuracy, completeness, timeliness, and suitability are not guaranteed. Licensee agrees that Novotx is not responsible for the Online Services, for any change, interruption, error, or discontinuation of any Online Services, or for any resulting adverse effects upon the performance or output of the Licensed Software.

6.4 Licensee Responsibilities.

(a) Business Expertise; Suitability. Licensee acknowledges that the Maintenance and Support and other services furnished hereunder are provided to assist Licensee in the use of the Licensed Software and not as a replacement for Licensee's expertise and knowledge of its business. Licensee assumes all risks associated with the manner and application(s) in which it chooses to use or rely upon the Licensed Software. Licensee is responsible for confirming the accuracy, sufficiency, timeliness, and suitability of any output of the Licensed Software before acting or relying upon the same in any way that could cause property damage, personal injury, economic loss, or other harm. Licensee shall not use the Licensed Software in

applications or environments requiring fault-tolerant or fail-safe performance.

(b) Professional Advice. Given the complex and changing nature of laws, rules and regulations, the Licensed Software and Maintenance and Support may not reflect, and cannot ensure licensee's compliance with, all applicable legal requirements. Novotx is not rendering accounting, tax, legal, or other professional advice. The software and services furnished by Novotx, and the information obtained through use of the Licensed Software, should not be used as a substitute for consultation with professional accounting, tax, legal or other competent advisers.

(c) Input and Configuration. Licensee is solely responsible for any data input into the Licensed Software, for providing all necessary internet connectivity and other infrastructure or system resources necessary for proper operation of the Licensed Software, and for the accuracy and suitability of any configuration of the Licensed Software requested or made by Licensee, including situations where Novotx has worked with licensee to configure the Licensed Software at Licensee's request. Licensee should perform a complete review and testing of the Licensed Software and any Additional Materials, as each may be updated from time to time, before implementing or using the same in a production environment.

(d) Security. Licensee agrees that it has full responsibility for the security of its systems and data, excluding systems and data hosted by Novotx or third-parties.

7. INDEMNITIES

7.1 Infringement Claims. Novotx will defend at its own expense any action against Licensee brought by a third party to the extent that the action is based upon a claim that the Licensed Software infringes any patents or any copyrights or misappropriates any trade secrets of a third party, and Novotx will pay those costs and damages finally awarded against Licensee in any such action that are specifically attributable to such claim or those costs and damages agreed to in a monetary settlement of such action. If the Licensed Software becomes, or in Novotx's opinion is likely to become, the subject of an infringement claim, Novotx may, at its option and expense, either: (i) procure for Licensee the right to continue using the Licensed Software; (ii) replace or modify the Licensed Software so that it becomes non-infringing; or (iii) accept return of the Licensed Software, terminate this Agreement in whole or in part as appropriate upon written notice to Licensee, and refund to Licensee a pro-rata portion of the fees paid for such Licensed Software (if any) to reflect the period of lost use. If the License Term is perpetual, such pro-rata refund will be computed according to a thirty-six (36) month straight-line amortization schedule beginning upon delivery of the Licensed Software; otherwise, the pro-rata refund will be the unused portion of license fees paid for the period affected by the termination. Notwithstanding the foregoing, Novotx will have no obligation under this Section 7.1 or otherwise with respect to any infringement claim based upon: (i) use of the Licensed Software not in accordance with this Agreement; (ii) use of the Licensed Software in combination with products, equipment, software, data, or services not supplied by Novotx; (iii) use of any release of

the Licensed Software other than the most current release made available to Licensee; or (iv) modification of the Licensed Software by any person other than Novotx or its authorized agents or subcontractors. THIS SECTION 7.1 STATES NOVOTX'S ENTIRE LIABILITY AND LICENSEE'S EXCLUSIVE REMEDY FOR ANY CLAIMS OF INFRINGEMENT.

7.2 Third-Party Claims. To the extent allowed by law, Licensee will defend at its own expense any action against Novotx brought by a third party arising out of Licensee's use of the Licensed Software except to the extent that the action is covered under Section 7.1, and Licensee will pay those costs and damages finally awarded against Novotx in any such action that are specifically attributable to such claim or those costs and damages agreed to in a monetary settlement of such action.

7.3 Conditions. The indemnifying party's obligations under this Section 7 are conditioned on the other party: (i) notifying the indemnifying party promptly in writing of the action for which defense or indemnity is sought; (ii) giving the indemnifying party sole control of the defense thereof and any related settlement negotiations; and (iii) cooperating and, at the indemnifying party's request and expense, assisting in such defense.

8. LIMITATION OF LIABILITY. NOVOTX'S TOTAL CUMULATIVE LIABILITY IN CONNECTION WITH ANY LICENSED SOFTWARE, ADDITIONAL MATERIALS, OR MAINTENANCE AND SUPPORT OR OTHER SERVICES PROVIDED UNDER THIS AGREEMENT, WHETHER IN CONTRACT, TORT OR OTHERWISE, WILL NOT EXCEED THE AMOUNT OF FEES PAID BY LICENSEE TO NOVOTX UNDER THIS AGREEMENT FOR THE LICENSE OF THE LICENSED SOFTWARE OR (IF APPLICABLE) FOR THE RELEVANT SERVICES. IN NO EVENT WILL NOVOTX BE LIABLE TO LICENSEE OR ANY THIRD PARTY CLAIMING THROUGH LICENSEE FOR ANY CONSEQUENTIAL, INDIRECT, EXEMPLARY, PUNITIVE, SPECIAL, OR INCIDENTAL DAMAGES, OR FOR ANY LOST, DAMAGED OR CORRUPTED DATA, LOST PROFITS, LOST BUSINESS OPPORTUNITIES, LOSS OF GOODWILL OR REPUTATION, BUSINESS INTERRUPTION, WASTED MANAGEMENT TIME, DATA CONVERSION ISSUES, DAMAGE TO LICENSEE'S COMPUTERS OR COMMUNICATIONS NETWORK, OR COSTS OF PROCUREMENT OF SUBSTITUTE GOODS OR SERVICES, ARISING FROM OR RELATING TO THIS AGREEMENT OR THE LICENSED SOFTWARE, ADDITIONAL MATERIALS, MAINTENANCE AND SUPPORT, OR OTHER SERVICES PROVIDED HEREUNDER, HOWEVER CAUSED AND UNDER ANY THEORY OF LIABILITY, INCLUDING BUT NOT LIMITED TO NEGLIGENCE, TORT, INTENTIONAL MISCONDUCT, STRICT LIABILITY, CONTRACT OR OTHERWISE, EVEN IF SUCH DAMAGES WERE FORESEEABLE OR NOVOTX HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

9. CONFIDENTIALITY

9.1 Confidentiality Obligations. Each party agrees to maintain any Confidential Information received from the other party in confidence using the same degree of care that it uses to maintain its own Confidential Information in

confidence, but in no event not less than reasonable care. To the extent allowed by law, the recipient of any Confidential Information shall not disclose such Confidential Information to any third party without prior written approval of the disclosing party or use such Confidential Information for any purpose not contemplated by this Agreement. The foregoing restrictions shall not apply to any information for which the receiving party can document: (i) was already lawfully known to the receiving party at the time of disclosure by the disclosing party; (ii) is disclosed to the receiving party by a third party who had the right to make such disclosure without any confidentiality restrictions; (iii) is, or through no fault of the receiving party has become, generally available to the public; or (iv) is independently developed by the receiving party without access to, or use of, the disclosing party's Confidential Information. In addition, the receiving party may disclose Confidential Information of the other party to the extent required by applicable law or regulation; provided that the party required to make such disclosure gives the other party prompt written notice and sufficient opportunity to object to such disclosure, or to request confidential treatment.

9.2 Return of Confidential Information. To the extent allowed by law, the receiving party will return to the disclosing party or destroy all Confidential Information of the disclosing party in the receiving party's possession or control and permanently erase all electronic copies of such Confidential Information promptly upon the written request of the disclosing party upon the expiration or termination of the Agreement. The receiving party will certify in writing signed by an officer of the receiving party that it has fully complied with its obligations under this Section 9.2.

10. TERM AND TERMINATION

10.1 Term. The term of the Agreement will begin on the Effective Date and will continue in force until the expiration of the License Term (as the same may be renewed in accordance with this Agreement) or indefinitely if the License Term is perpetual, subject to termination as provided in **Section 10.2**.

10.2 Termination.

(a) For Breach. Either party may terminate the License Term, as defined in the Sales Agreement, and this Agreement if the other party breaches any material provision of the Agreement and does not cure such breach within thirty (30) days after receiving written notice thereof.

(b) Evaluation Licenses. If the License Type is a non-production beta and/or evaluation license, the License Term and this Agreement may be terminated by Novotx at any time, and will automatically expire (without renewal option, unless otherwise specified in the Sales Order) at the end of the stated License Term. License is under no obligation to purchase a paid license during the evaluation License Term, but must do so in order to continue using the Licensed Software after the evaluation License Term ends.

(c) For Convenience. The customer may terminate this Agreement for convenience at any time by providing not less than 30 business days prior written notice of termination to Novotx.

10.3 License Renewal. If the License Term is not perpetual, it will be renewable (i.e., subscription-based) or non-renewable (i.e., fixed-term) as specified in the Sales Order. If not so specified, it will be presumed to be renewable if the License Type is a production license or non-renewable otherwise. If the License Term is renewable, it will automatically extend for successive renewal periods, each equal to the initial license duration stated in the Sales Order (unless otherwise indicated therein), unless and until either party notifies the other of non-renewal at least thirty (30) days in advance. Either party may exercise its non-renewal right for any reason or no reason.

10.4 Effects of Termination. Upon termination or expiration of the Agreement for any reason: (i) any amounts owed to Novotx under this Agreement before such termination or expiration will be immediately due and payable; (ii) all license rights granted in the Agreement will immediately cease to exist; (iii) Licensee must promptly discontinue all use of the Licensed Software, erase all copies of the Licensed Software from Licensee's computers, and return to Novotx or destroy all copies of the Licensed Software on tangible media in Licensee's possession; and (iv) Novotx will provide Licensee all data that was input and created specific to Licensee including but not limited to work orders, notes, assets and assets history, and tasks. Novotx will provide all data in Microsoft SQL database or Excel format within 60 business days of termination or expiration of the agreement. For avoidance of doubt, termination of this Agreement will not preclude either party from pursuing any available legal remedies for any default of the other party's obligations.

10.5 Survival. Sections 0, 2.6, 5.3, 5.5, 6.1, 6.3, 7, 8, 9, 10.4, 10.5, and 11, together with any accrued payment obligations, will survive expiration or termination of the Agreement for any reason.

11. GENERAL

11.1 Assignment. Except as permitted below, this Agreement may not be assigned or transferred by either party without the other party's prior written consent, and any attempt to do so will be void. Either party shall have the right to assign this Agreement to any successor to its business or assets to which this Agreement relates, whether by merger, sale of assets, sale of stock, reorganization or otherwise; provided, however, that Licensee may not transfer this Agreement, by assignment, merger, change of control, operation of law, or otherwise, to any software company or competitor of Novotx. In the event of an assignment, merger or change of control of Licensee, Licensee will promptly notify Novotx of the transaction, consult with Novotx regarding the anticipated impact of such transaction in relation to the License Limits and other restrictions of this Agreement, and take all actions (including those described in Section 2.4(d)) reasonably necessary in order to remain in compliance with this Agreement.

11.2 Notices. Any notice required or permitted by this Agreement will be in writing and will be deemed effective upon receipt, when sent by confirmed email or when delivered in person or by express delivery service, or mailed, first class, registered or certified mail, postage prepaid, to the address of the party specified in this Agreement or such other address as such party may specify in writing.

11.3 Governing Law and Arbitration. This Agreement will be governed by and interpreted in accordance with the laws of the State of Texas, without reference to its choice of laws rules. The prevailing party in any dispute under this Agreement will be entitled to recover from the other party its reasonable attorney fees incurred with respect to that dispute.

11.4 Waivers. All waivers must be in writing to be effective. Any waiver or failure to enforce any provision of the Agreement on one occasion will not be deemed a waiver of any other provision or of such provision on any other occasion.

11.5 Severability. If any provision of the Agreement is unenforceable, such provision will be changed and interpreted to accomplish the objectives of such provision to the greatest extent possible under applicable law and the remaining provisions will continue in full force and effect.

11.6 Force Majeure. No party shall be liable for failure or delay in performing its obligation (other than payment of money) for causes beyond its reasonable control.

11.7 Entire Agreement; Counterparts. This Agreement, together with any Exhibits and related Sales Orders, constitutes the entire agreement between the parties regarding the subject hereof and supersedes all prior or contemporaneous agreements, understandings, and communication, whether written or oral. This Agreement shall not be modified except by a subsequently dated written amendment signed by an officer of Novotx and a duly authorized representative of Licensee. This Agreement may be executed in counterparts, which taken together shall form one legal instrument.

The parties by their authorized representatives have entered into this Agreement as of the Effective Date.

NOVOTX LLC	LICENSEE: _____
Signed: _____	Signed: _____
Name: _____	Name: _____
Title: _____	Title: _____
Date: _____	Date: _____

Exhibit A Maintenance and Support

Novotx will provide technical support and maintenance services for the Licensed Software based upon the following terms and conditions and those set forth in the Software License Agreement ("**Agreement**") to which this Exhibit is attached. Capitalized terms used but not defined in this Exhibit have the meanings given in the Agreement.

1. Technical Support Services: Technical support services shall include call management, entitlement verification, issue prioritization, basic installation assistance, issue analysis, program error re-creation, application diagnostics and the corresponding resolution of such issue or issues through operational instruction, work-arounds, or corrections to the object code of the application. Training, implementation, configuration, and customization services are outside the scope of technical support, and are subject to additional charges.

2. Maintenance Services: Maintenance services shall include delivery of all updates (as described below) for the Licensed Software that are commercially released during the term of Licensee's Maintenance and Support entitlement. Updates consist of new releases that may provide functional enhancements and error corrections. New products, separately serialized modules, and software customizations are not considered updates and are not included in the maintenance services. Licensee will have sole responsibility for the installation of any updates.

3. Scope of Services: Services will be provided during Novotx's normal hours of operation, Monday through Friday from 7:00 AM to 6:00 PM Central Time, excluding national holidays. Basic services will include unlimited phone and email access to technical support as well as online access to Novotx's client services website. Enhanced services may also be made available by Novotx from time to time and contracted by Licensee.

4. Term: Subject to the terms of the Agreement and Licensee's payment of all fees specified below, Licensee is entitled to receive the Maintenance and Support described herein: (i) for the duration of the License Term if the License Term is fixed-term or subscription-based; or (ii) for a period of one year, measured from the end of the Warranty Period (and subject to renewal as provided below), if the License Term is perpetual.

5. Annual Renewal of Service: If the License Term is perpetual, then thirty (30) days prior to the annual expiration date of Maintenance and Support service, Novotx will invoice Licensee for the annual renewal of service pursuant to the current terms, conditions and pricing then in effect. Such service will be automatically renewed unless canceled in writing by Licensee prior to the annual expiration date or in the event of non-payment by the renewal date.

6. Fees: Fees for Maintenance and Support services are: (i) included in the fees paid for a fixed-term or subscription-based license to the Licensed Software (provided such license is not granted free of charge); or (ii) charged on an annual basis, in an amount equal to twenty percent (20%) of the then-current list price of the Licensed Software (or the most recent list price if the Licensed Software version being used is no longer available for sale by Novotx) if the License Term is perpetual. The annual fee for Maintenance and Support in connection with perpetual license will be calculated as of the beginning of the annual period based upon the list price of the Licensed Software as if a perpetual license were being purchased at such time

(iii) Annual software maintenance uplift shall not exceed 3% annually upon maintenance renewal date. Licensee will be invoiced for annual renewals on or before the date of expiration of the then current term. Novotx reserves the right to amend its fees annually with prior written notice and Licensee shall have the right to no longer subscribe for Maintenance and Support.

7. Applicability to Free Licenses: If the license for the Licensed Software is granted free of charge, Licensee will not be entitled to Maintenance and Support unless expressly agreed by Novotx in the Sales Order, in which case fees for Maintenance and Support will be as set forth in the Sales Order, subject to change as provided above.

8. Exclusions: Novotx has no obligation to perform technical support services related to: (i) hardware, software, data, or services not supplied by Novotx (including but not limited to Online Services); (ii) modifications or customizations made to the Licensed Software by anyone other than Novotx or its representatives; (iii) installation or use of the Licensed Software other than as authorized in the Agreement and described in the Documentation; or (iv) Licensee's failure to implement error corrections, work-arounds, or updates furnished by Novotx (collectively, the "**Excluded Causes**"). Without limiting the foregoing, Novotx reserves the right to charge Licensee additional fees for services rendered in connection with reported program errors that are subsequently determined to have been due to any of the Excluded Causes. Any such fees will be charged on a time-and-materials basis.

9. Payment: Licensee is responsible for the full payment, including any applicable sales and/or use taxes, for services received. Licensee's Maintenance and Support entitlement shall immediately expire if payment is thirty (30) days past due. If Licensee cancels services at any time, no refund, pro-rated or otherwise, will be provided.

10. Reinstatement of Services: In the event of cancellation of or non-payment for Maintenance and Support, any subsequent renewals will be subject to a reinstatement charge of 25% of the then-current Licensed Software perpetual license fee, plus any unpaid historical and current annual fees.

11. Registered Users: Licensee shall provide and maintain a list of registered users that may be contacted by Novotx in relation to Maintenance and Support. Licensee may amend the list of registered users at any time by providing written notice to Novotx.

12. Conditions of Service: The receipt and use of the Licensed Software and associated Maintenance and Support is subject to the terms and conditions of the original Agreement and Licensee's adherence to associated documentation and maintenance of the system requirements of the Licensed Software. Novotx reserves the right to suspend Maintenance and Support for any outdated versions of the Licensed Software with prior notification to Licensee.



NOVOTX

Novotx, LLC
4905 South 1500 West Suite 210
Riverdale
Utah
United States 84405

Sales Agreement
Valid Until: Oct 31, 2024
Agreement Number : 5405498000046064023
Prepared By: Kyle Brown
kbrown@novotx.com

BILL TO:	SHIP TO:
500 S. Oak St. Roanoke TX United States 76262	500 S. Oak St. Roanoke TX United States 76262

This agreement describes the products and/or services to be provided and/or licensed by the Customer at the address below. Prior to installation and/or use, an authorized representative of the Customer must agree to the terms and conditions of the License Agreement(s) associated with the product(s) listed below (provided separately).

Account Name: City of Roanoke	Title: IT Manager
Contact Name: Blake Gore	Email: bgore@roanoketexas.com

No.	Product Details	Quantity	List Price	Discount	Total
1	Elements XS Annual Subscription - Municipal Tier 1 EXS-M-T1 Elements XS Annual Subscription. Enterprise License; includes unlimited named users. Subscription renews annually beginning 12 months after installation.	1	\$ 15,000.00	\$ 0.00	\$ 15,000.00
2	Connect Annual Subscription EXS-CONNECT Elements XS Connect annual subscription.	1	\$ 10,000.00	\$ 0.00	\$ 10,000.00
3	Hosting Services (AWS) EXS-HOST-AWS Annual hosting services fee for Elements XS. Includes setup, maintenance, and support of Elements XS environment and up to 150gb of cloud storage for file attachments.	1	\$ 5,500.00	\$ 0.00	\$ 5,500.00
4	Asset Management Onboarding Services EXS-ONB-AM Fixed price for Elements XS onboarding services as outlined below. Price includes onboarding for five (5) divisions: - Water - Sewer - Streets (Stormwater + Drainage) - Facilities - Fleet	1	\$ 49,000.00	\$ 0.00	\$ 49,000.00
5	Professional Services - Data Migration PS-DATA Data Migration Services - PubWorks	1	\$ 8,500.00	\$ 0.00	\$ 8,500.00
6	Professional Services - Custom Configuration - Connect PS - CUSTOM - C Custom Application Configuration	1	\$ 170,000.00	\$ 0.00	\$ 170,000.00
7	Travel Expenses for Onsite TR-001 Includes two (2) trips with a maximum three (3) days for the entire trip including travel days. All expenses associated with travel (i.e. hotel, travel, etc.) are included in this cost.	2	\$ 6,500.00	\$ 6,500.00	\$ 6,500.00
8	Travel Expenses for Onsite TR-001 Includes up to two (2) trips with a maximum of five (5) days per trip. All expenses associated with travel (i.e. hotel, travel, etc.) are included in this cost.	1	\$ 18,000.00	\$ 0.00	\$ 18,000.00
				Sub Total	\$ 282,500.00
				Tax	\$ 0.00
				Adjustment	\$ 0.00
				Grand Total	\$ 282,500.00

Payment Terms

-Elements XS Annual Subscription, Connect Annual Subscription, Cloud Hosting Services:
\$30,500 (first year), due upon contract signature. Subscription renews annually at installation date.

-Elements XS Onboarding, Pro Services Data Migration, Connect Configuration, and Onsite Training: 75% due upon contract signature (\$189,000).

Total due at contract signature: \$219,500

-The remaining 25% services are due upon go-live date: Elements XS Onboarding, Pro Services Data Migration, Connect Configuration, and Onsite Training

Total due at go-live date: \$63,000

****Please note that any unused onsite training can be kept in the project for future licensing/development or taken out of the post-go-live payment stated above****

Net 30 payment term will begin on 10/01/2024

Onboarding Services Included

Standard Deliverables

The items below are included with a standard deployment of Elements XS.

What's Included

Pre-Installation Items

- Business process review and consultation for best practices with Elements XS
- Review IT infrastructure
- Review GIS infrastructure Review Reporting Requirements

Installation

- Installation of Elements XS

Map Integration

- Integration of one map viewer in Elements XS
- Configuration to load map-based (GIS) assets from map viewer
- Training to Configure GIS Layers in Elements

Deployment of the following workflows:

- Create Service Order from GIS Asset
- Report a GIS Problem from Map
- Select Multiple Assets from Map using the Elements Select Tool Add GIS Asset Relationships to Tasks
- Zoom to GIS Assets

General Application Setup

- Setting up company, department, and division structure o Setup of default navigation menus
- Configure SMTP settings for Email notifications
- Active Directory Integration with LDAP

Service Orders Setup

- Configuration of Default Statuses
 - 1 - Pending
 - 2 - In Progress
 - 3 - Ready for Review
 - 4 - Complete
 - 5 - Cancelled
- Configuration of Default Priorities:
 - 1 - Low
 - 2 - Medium
 - 3 - High
 - 4 - Emergency

Delivery of standard Service Order templates using default Status and Priority configurations

Training on the following items:

- Configure custom application menus
- Configure service order templates
- Configure preventive and routine maintenance schedules

- Configure users and user permissions
- Configure basic Elements XS workflows
- Configure custom Service Order Task Status and Priority types
- Configuration of custom Elements XS forms
- Configuration of default Service Order Task assignments

One-Time Data Imports (Includes Test Imports and Data Validations)

- Non-spatial assets
- Inventory Items (materials, equipment).

Utility Billing Integration (as specified on Sales Agreement)

Standard Reports and Dashboards

Service Orders & Work Management Reports

- Task Charges
- Task Contractor Usage
- Task Costs
- Task Equipment Usage
- Task Labor Usage
- Task Material Usage

Inventory Reports

- Purchase Order Details
- Item Receiving Details
- Invoice Details
- Material Usage by Asset Type
- Contractor Purchase Order History
- FIFO Valuation Report
- Item Quantity Transaction History
- Item Purchase Order History
- Parts Used by Account / Date
- Stock Levels Report
- Vendor Purchase Order History

Other Included Reports

- Activities Details
- Notes Details
- Phone Calls Details
- Timesheet Hours
- System Configuration Reports

What's Not Included

- Installing or configuring Microsoft SQL Server, Esri products, or any other third-party applications that may be required for Elements XS.
- Configuring and/or publishing map or feature services, including query layers
- Configuring Esri web maps, dashboards, or other Esri technology
- Setting up preventive and routine maintenance schedules *
- Setting up asset scoring *
- Setting up service order templates *
- Setting up user accounts and user permissions *
- Setting up custom application menus *
- Setting up basic Elements XS workflows *
- Configuring default assignments for Service Order templates *
- Creation of Elements Advanced Workflows to support custom business process (unless specified in sales agreement)
- Training on creation of Elements Advanced Workflows
- IT setup (opening ports, installing IIS, etc.)
- Creating dynamic forms *
- Creating Custom Reports

* Training on how to configure and use these features is provided

Additional Terms

Onsite Meetings:

The cost for each trip is inclusive of travel and expenses. Some items that can be managed in these trips include: Post-Contract Discovery sessions, Project Updates, Training, Go-Live Support. When you are arranging the onsite visit, your Project Manager will detail the expectations and goals of the trip based on the progress of the project. These can be flexible and we will work with the District to ensure needs of the trip are met. Any of the above functions will also happen virtually as a standard part of the agreed upon project costs.

Trip cost: \$6,500 per trip.

To arrange a trip, contact your Project Manager to initiate the process.

Connect Permitting:

The contracted cost is based on our current understanding of the Connect implementation using information provided by the City of Roanoke. A final scope will be developed as part of project kickoff. Based on current understanding of the project, final scope cost to not exceed the indicated amount for Line Item 8: Professional Services - Custom Configuration - Connect.

Historical and active Permits will be imported as part of this contract based on what the City of Roanoke deems necessary to import. The client is responsible for supplying historical data and data mapping information. This includes, but is not limited to, details on requests, service orders, work items, task types, labor, equipment, inventory, and contractor information. Novotx will provide a data mapping spreadsheet to be used for these imports, unless the client and Novotx Professional Services agree on alternate arrangements.

As part of this contract, all permit applications will need to be entered into Elements through Connect. For in-person applications, the client will be responsible for submitting the permit through connect on behalf of the applicant or providing alternative methods such as a kiosk.

Payment Processing is available through Connect with the use of an approved payment processor in Elements and Connect. Client is responsible for contracting with approved payment processor and work with Novotx to configure within the application (Authorize.Net, Xpress BillPay, PayGov.us, Elavon, and Bluefin).

Required Licensing:

All Elements XS deployments require Esri's ArcGIS Enterprise and/or an active subscription to ArcGIS Online. On-premise deployments also require Microsoft SQL Server and a standard Windows server operating environment. Pricing in this agreement does not include these products and Customer is responsible for purchasing, installing, and maintaining these applications.

Scope Limitations & Additional Services

For all items beyond the original project scope, additional professional services are billed at \$1,800 per day (\$225 per hour). Services beyond the project scope must be approved by Customer prior to services being performed and will be billed separately. Services beyond the scope of this agreement include:

- Any scripts, interfaces, reports or program code requested by the Licensee, other than Program Modifications to the Elements XS applications that provide specific functionality uniquely designed for the Licenses
- Consulting services for Custom Applications or Custom Programming performed specifically for the Licensee
- Historical data imports require the customer to provide data to Novotx in a tabular format following a template provided by Novotx

Any service items discussed during product demonstrations, conference calls, or other events are not included in the scope of this project unless specifically listed as deliverables.

Travel Expenses

Unless specified otherwise, all travel expenses will be billed actual, as incurred, for any services performed onsite.

Sales Tax

Customer agrees to pay any and all applicable sales, use, excise or transaction taxes with respect to the products and services under this Sales Agreement. It is the customers responsibility to pay any and all applicable taxes if the customer is not tax exempt.

Past Due Payment and Client Inactivity

Client Inactivity or Disengagement

When a client chooses to disengage or becomes non-responsive during an implementation process, Novotx will notify the customer and provide 30 business days to re-open active communication. If active communication is not maintained, Novotx will cease work on the project and the client will be required to pay 50% of their annual subscription fees to re-initiate the project. Upon re-initialization, the project will be moved "to the back of the line" and re-prioritized based upon Novotx workload and resources.

Project Acceptance / Transition to Support

When work has been completed on a project and project acceptance documents have been sent to the client, if the client does not respond within 5 business days, the project will be marked as "accepted", and an invoice will be sent to the client for any outstanding project balances.

Past Due Fees for Services Rendered

When services have been rendered by Novotx and an invoice for the rendered services becomes past due, users will not be able to login or utilize Novotx products until the past due invoices have been paid in full.

Past Due Subscription Fees

In addition to users being unable to login to the application when a subscription fee is past due, if a subscription fee becomes 30 days past due the customer will be required to pay the current market value for the past due subscription plus an additional 50% to reactivate the subscription. Additionally, subscription dates will not be adjusted to accommodate for lost production time or inability to use software resulting from past due payments.

Purchase Authorization

By signing below, customer agrees to purchase products and services listed above.

Customer

Printed Name

Signature

Title

Date

Novotx Representative

Printed Name

Signature

Title

Date

Novotx Internal Authorizations

Sales

Onboarding

Technical

Product



AGENDA ITEM

TO: Mayor and City Council

SUBJECT: Lease Agreement - Vantage Equipment Leasing, LLC - Servers and Storage

MEETING DATE: October 8, 2024

DEPARTMENT: Administration

ITEM SUMMARY:

Consider approval of a Lease Agreement between the City of Roanoke and Vantage Financial, LLC dba Vantage Equipment Leasing, LLC for servers and storage.

INFORMATION:

This equipment will replace aging equipment that runs the City. This equipment will run our financials, utility billing, court, PD and Fire CAD, and Records Management System. This will also allow us the storage capacity needed to have cameras at the new PD. This is the first step towards a full-scale redundant datacenter with the new PD. This equipment will be leased for 60 months and then bought out for \$1 at the end of the lease term.

STAFF RECOMMENDATION:

Staff recommends approval

SPECIAL CONSIDERATION:

FINANCIAL CONSIDERATION:

This was an approved item in the FY25 budget.

ATTACHMENTS:

1. Server Lease Agreement - ROA092524.001- Initial Document Package-9.30- \$1BO (1)



Thank you for your business! I have attached the documents or other items required to process your transaction with us.

- ☐ **Lease Agreement** – sign last page (please include Federal Tax ID Number or provide W-9)
- ☐ **Opinion of Counsel** – forward to your legal counsel to copy/paste onto their letterhead – send completed document to us
- ☐ **Certificate of Incumbency**
 - * Any document signer(s) for the lease documentation should add his/her name, title and signature to the document directly under the first paragraph.
 - * The witness to the Incumbency should write his/her name and title in the top paragraph where indicated. Additionally, the witness will need to date and sign at the bottom of the document.
- ☐ **Lease Schedule** – sign page
- ☐ **Insurance** – forward request to your insurance carrier to provide proof of property/liability coverage naming Vantage Financial, LLC dba Vantage Equipment Leasing, LLC as loss payee/additional insured

Please complete the following checklist and return with documents.

- ☐ **Sales Tax Exemption:** ☐ No ☐ Yes (if yes, please see below)
 - ☐ Is your company considered sales tax exempt? If so, please provide a copy of the tax exemption certificate.
 - ☐ Does your company have any special tax exemption certificates at a state or local level (i.e. manufacturer's tax, sales or property)? If so, please provide a copy of the certificate or other information required. Please specify if it is for sales tax, property tax or both.
- ☐ **Income Tax Exemption:** ☐ No ☐ Yes (if yes, please provide IRS correspondence accepting your application)
- ☐ **Email address for Invoices:** _____

Return all items using the FedEx slip provided (except Opinion & Insurance if not obtained yet).

IF YOU WOULD LIKE AUTOMATED CLEARING HOUSE (ACH) FOR ALL FUTURE AMOUNTS DUE, PLEASE FILL OUT THE FOLLOWING:

I acknowledge that I am an authorized signer of the bank checking account below and authorize Vantage Financial, LLC dba Vantage Equipment Leasing, LLC, or its assignee, to take all amounts, including applicable tax, currently due under Agreement No. ROA092524 with us via ACH.

Company: _____

Routing #: _____

Account #: _____

Bank Name: _____

Bank City/State: _____

Signature: _____

Date: _____

This document will be executed by electronic or original signature and such a copy shall be treated as an original for all purposes.

Should any of the information on the enclosed documents be incorrect, please notify your Sales Executive or your Lease Administrator immediately to make the appropriate corrections. Thank you!

Sales Executive | Ryan Danielson | (512) 814-0340 | rdanielson@vantagefncl.com
Document Administrator | Tracy Rivers | (952) 353-9863 | trivers@vantagefncl.com



IMPORTANT INFORMATION ABOUT OPENING AN ACCOUNT

*On September 11, 2001, our lives changed forever. In an effort to protect you and our country, the **USA PATRIOT ACT** was signed into law. To help the government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify and record information that identifies each person who opens an account.*

When you open an account, we will ask for your name, address, date of birth and other information that will allow us to identify you. We may ask to see your driver's license or other identifying documents.

We proudly support all efforts to protect and maintain the security of our customers and our country.

Lease Agreement Number ROA092524

Lease Agreement

This Lease Agreement dated September 25, 2024, is by and between **VANTAGE FINANCIAL, LLC DBA VANTAGE EQUIPMENT LEASING, LLC** (the "Lessor") with an office located at 444 Second Street, Excelsior, Minnesota 55331 and **CITY OF ROANOKE, TEXAS** (the "Lessee") with an office located at 500 S Oak Street, Roanoke, Texas 76262-6732.

Lessor hereby leases or grants to the Lessee the right to use, and Lessee hereby rents and accepts the right to use, the tangible property and the equipment whether or not listed by serial number, and software and related services, on the Lease Schedule(s) attached hereto or incorporated herein by reference from time to time (collectively, the equipment, software and all related services are the "Equipment"), subject to the terms and conditions hereof, as supplemented with respect to each item of Equipment by the terms and conditions set forth in the appropriate Lease Schedule. The term "Lease Agreement" shall include this Lease Agreement and the various Lease Schedule(s) identifying each item of Equipment or the appropriate Lease Schedule(s) identifying one or more particular items of Equipment.

1. Term

This Lease Agreement is effective from the date it is executed by both parties. The term of this Lease Agreement, as to all Equipment designated on any particular Lease Schedule, shall commence on the Installation Date for all Equipment on such Lease Schedule and shall continue for an initial period ending that number of months from the Commencement Date as set forth in such Lease Schedule (the "Initial Term") and shall continue from year to year thereafter at the Monthly Charges last in effect, until terminated. The term of this Lease Agreement as to all Equipment designated on any particular Lease Schedule may be terminated without cause at the end of the Initial Term or the end of any year thereafter by either party mailing written notice of its termination to the other party not less than one-hundred twenty (120) days prior to such termination date. All such terminations are effective only with respect to not less than all Equipment under the applicable Lease Schedule. Notice of termination by Lessee may not be revoked without Lessor's written consent.

2. Credit Review

For each Lease Schedule, Lessee agrees that Lessor may conduct a credit investigation and review. In such event, Lessee shall provide, in a timely manner, such financial information as Lessor may request. Lessee represents and warrants that all such financial information accurately and completely presents Lessee's financial condition as of the date of execution of each Lease Schedule. Lessee shall upon request provide to Lessor a complete set of Lessee's financial statements, including a statement of cash flows, balance sheet and income statement, and any other financial information the Lessor may request. If during the Installation Period the Lessee's financial condition changes in any material respect (as determined by the Lessor in its sole discretion), then Lessor shall be entitled to stop purchasing equipment to be leased to Lessee and commence the applicable Lease Schedule(s).

3. Licensed Software

Any software listed in a Lease Schedule will be subject to Lessee's separate software license agreement with the owner or distributor ("Licensor") except as such agreement may conflict with the terms and conditions of the Lease Schedule. Lessee shall comply with all non-conflicting terms and look solely to the Licensor for satisfaction of all claims and warranties relating to the software. Lessee's obligations under a Lease Schedule will not be affected by any termination of a software license agreement or any defect in or loss of the software. Lessee is responsible for arranging delivery and installation of the software.

4. Commencement Date

The Installation Date for each item of Equipment shall be the day said item of Equipment is installed at the Location of Installation, ready for use, and accepted in writing by the Lessee. The Commencement Date for any Lease Schedule is the first day of the month following installation of all the Equipment of the Lease Schedule,

unless the latest Installation Date for any Equipment on the Lease Schedule falls on the first day of the month, in which case that is the Commencement Date. The Lessee shall complete, execute and deliver to Lessor a Certificate of Acceptance listing the specific items of Equipment to be leased upon installation of the Equipment.

5. Lease Charge

The lease charges for the Equipment leased pursuant to this Lease Agreement shall be the aggregate "Monthly Lease Charge(s)" as set forth on each and every Lease Schedule executed pursuant hereto (the aggregate "Monthly Lease Charge(s)" are the "Lease Charges"). Lessee agrees to pay to Lessor the Lease Charges in accordance with the Lease Schedule(s), and the payments shall be made at Lessor's address indicated thereon. The Lease Charges shall be paid by Lessee monthly in advance with the first full month's payment due on the Commencement Date. The Lease Charge for the period from the Installation Date to the Commencement Date (the "Installation Period") shall be an amount equal to the "Monthly Lease Charge" divided by thirty (30) and multiplied by the number of days from and including the Installation Date to the Commencement Date, and such amount shall be due and payable upon receipt of an invoice from Lessor. Charges for taxes made in accordance with Section 6 below, and all other charges made under any other provision of this Lease Agreement and payable by Lessee, shall be paid to Lessor at Lessor's address specified on the Lease Schedule(s) on the date specified in invoices delivered to Lessee. If payment as specified above is not received by Lessor on the due date, Lessee agrees to and shall, to the fullest extent permitted by law, pay on demand, as a late charge, an amount equal to five percent (5%), or the maximum percentage allowed by law if less, of the amount past due ("Late Charges"). The parties agree that Late Charges will accrue until billed by Lessor. Late Charges shall be charged and added to any past due amount(s) on the date such payment is due and every thirty (30) days thereafter until all past due amounts are paid in full to Lessor.

6. Taxes

In addition to the Lease Charges and Late Charges (if any) set forth in Section 5 above, Lessee shall reimburse Lessor for all license or registration fees, assessments, charges, sales and use taxes, rental taxes, recycling, administrative or environmental fees, gross receipts taxes, personal property taxes and other taxes or fees now or hereafter imposed by any government, agency, province or otherwise upon the Equipment, the Lease Charges or upon the ownership, leasing, renting, purchase, possession, use, recycling or disposal of the Equipment, whether the same be assessed to Lessor or Lessee (the "Taxes"). Lessee's obligation to remit taxes and other non-rent related charges shall be due and payable upon invoice from Lessor in accordance with the terms of such invoice. Lessor shall file all property tax returns and pay all Taxes when due. Lessee, upon written notice to Lessor, may, in Lessee's own name, contest or protest any Taxes, and Lessor shall honor any such notice except when in Lessor's sole opinion such contest

is futile or will cause a levy or lien to arise on the Equipment or cloud Lessor's title thereto. In addition, Lessee shall be responsible to Lessor for the payment and discharge of any penalties or interest as a result of Lessee's actions or inactions. Nothing herein shall be construed to require Lessee to be responsible for any federal or state taxes or payments in lieu thereof, imposed upon or measured by the net income of Lessor, or state franchise taxes of Lessor, or except as provided hereinabove, any penalties or interest resulting from Lessor's failure to timely remit such tax payments.

7. **Delivery and Freight Costs**

All transportation charges upon the Equipment for delivery to Lessee's designated Location of Installation shall be paid by Lessee. All rigging, drayage charges, structural alterations, rental of heavy equipment and/or other expense necessary to place the Equipment at the Location of Installation are to be promptly paid by Lessee. Lessee shall accept delivery of the Equipment and allow the Equipment to be installed within five (5) days after delivery.

8. **Installation**

Lessee agrees to pay for the actual installation of the Equipment at the Location of Installation or any other location authorized under this Agreement. Lessee shall make available and agrees to pay for all costs associated with providing a suitable place of installation and necessary electrical power, outlets and air conditioning required for operating the Equipment as defined in the Equipment manufacturer's installation manual or instructions, or as otherwise required by the Equipment manufacturer. All supplies consumed or required by the Equipment shall be furnished and paid for by Lessee.

9. **Return to Lessor**

On the day following the last day of the lease term associated with a Lease Schedule (the "Return Date"), Lessee shall cause and pay for the Equipment listed on that Lease Schedule to be deinstalled, packed using the manufacturer's standard packing materials and shipped to a location designated in writing by Lessor (the "Return Location"). If the Equipment listed on the applicable Lease Schedule is not at the Return Location within ten (10) days of the Return Date, or Lessee fails to deinstall and ship the Equipment on the Return Date, then any written notice of termination delivered by Lessee shall become void, and the Lease Schedule shall continue in accordance with this Lease Agreement. In no event may Lessee avoid the effect of the preceding sentence by returning less than all of the Equipment listed on the applicable Lease Schedule or by returning substituted Equipment unless Lessor, in its sole discretion, shall expressly agree in writing. Irrespective of any other provision hereof, Lessee will bear the risk of damage from fire, the elements or otherwise until delivery of the Equipment to the Return Location. At such time as the Equipment is delivered to the Lessor at the Return Location, the Equipment will be at the risk of the Lessor.

10. **Maintenance**

Lessee, at its sole expense, shall maintain the Equipment in good repair, working order and condition. Lessee shall enter into, pay for and maintain in force during the entire term of any Lease Schedule, a maintenance agreement with the manufacturer of the Equipment providing for continuous uninterrupted maintenance of the Equipment (the "Maintenance Agreement"). Upon Lessor's request, Lessee shall provide a copy of each such Maintenance Agreement to Lessor. Lessee will cause the manufacturer to keep the Equipment in good working order in accordance with the provisions of the Maintenance Agreement and make all necessary adjustments and repairs to the Equipment. The manufacturer is hereby authorized to accept the directions of Lessee with respect thereto. Lessee agrees to allow the manufacturer full and free access to the Equipment. All maintenance and service charges, whether under the Maintenance Agreement or otherwise, and all expenses, if any, of the manufacturer's customer engineers incurred in connection with maintenance and repair services, shall be promptly paid by Lessee. Lessee warrants that all of the Equipment shall be in good working order operating according to manufacturer's specification and eligible for the manufacturer's standard maintenance agreement upon delivery to and inspection and testing by the Lessor. If the Equipment is not free of physical defect or damage, operating according to manufacturer's specification, in good working order and/or eligible for the manufacturer's standard maintenance agreement, then Lessee agrees to reimburse Lessor for all costs, losses, expenses and fees associated

with such equipment and the repair or replacement thereof. Upon the termination of any Lease Schedule or this Lease Agreement, Lessee warrants that the Equipment shall be eligible for the manufacturer's standard maintenance agreement. Lessee agrees to reimburse Lessor for any costs it incurs in making the Equipment eligible for such standard maintenance.

11. **Location, Ownership and Use**

The Equipment shall, at all times, be the sole and exclusive property of Lessor. Lessee shall have no right or property interest therein, except for the right to use the Equipment in the normal operation of its business at the Location of Installation or as otherwise provided herein. The Equipment is and shall remain personal property of the Lessor even if installed in or attached to real property. Lessor shall be permitted to display notice of its ownership on the Equipment by means of a suitable stencil, label or plaque affixed thereto.

Lessee shall keep the Equipment at all times free and clear from all liens, claims, levies, encumbrances, security interests and processes, of any nature whatsoever. Lessee shall give Lessor immediate notice of any such attachment or other judicial process affecting any of the Equipment. Without Lessor's written permission, Lessee shall not attempt to or actually: (i) pledge, lend, create a security interest in, sublet, exchange, trade, assign, swap, use for an allowance or credit or otherwise; (ii) allow another to use; (iii) part with possession; (iv) dispose of; or (v) remove from the Location of Installation, any item of Equipment. If any item of Equipment is exchanged, assigned, traded, swapped, used for an allowance or credit or otherwise to acquire new or different equipment (the "New Equipment") without Lessor's prior written consent, then all of the New Equipment shall become Equipment owned by Lessor subject to this Lease Agreement and the applicable Lease Schedule.

Any feature(s) installed on the Equipment at the time of delivery which are not specified on the Lease Schedule(s) are and shall remain the sole property of the Lessor. Lessee shall cause the Equipment to be operated in accordance with the applicable vendor's or manufacturer's manual of instructions by competent and qualified personnel.

12. **Financing Statement**

Lessor is hereby authorized by Lessee to cause this Lease Agreement or other instruments, including Uniform Commercial Code Financing Statements, to be filed or recorded for the purposes of showing Lessor's interest in the Equipment. Lessee agrees to execute any such instruments as Lessor may request from time to time.

13. **Alterations and Attachments**

Upon prior written notice to Lessor, Lessee may, at its own expense, make minor alterations in or add attachments to the Equipment, provided such alterations and attachments shall not interfere with the normal operation of the Equipment and do not otherwise involve the pledge, assignment, exchange, trade or substitution of the Equipment or any component or part thereof. All such alterations and attachments to the Equipment shall become part of the Equipment leased to Lessee and owned by Lessor. If, in Lessor's sole determination, the alteration or attachment reduces the value of the Equipment or interferes with the normal and satisfactory operation or maintenance of any of the Equipment, or creates a safety hazard, Lessee shall, upon notice from Lessor to that effect, promptly remove the alteration or attachment at Lessee's expense and restore the Equipment to the condition the Equipment was in just prior to the alteration or attachment.

14. **Loss and Damage**

Lessee shall assume and bear the risk of loss, theft and damage (including any government requisition, condemnation or confiscation) to the Equipment and all component parts hereof from any and every cause whatsoever, whether or not covered by insurance. No loss or damage to the Equipment or any component part thereof shall impair any obligation of Lessee under this Lease Agreement, which shall continue in full force and effect except as hereinafter expressly provided. Lessee shall repair or cause to be repaired all damage to the Equipment. In the event that all or part of the Equipment shall, as a result of any cause whatsoever, become lost, stolen, destroyed or otherwise rendered irreparably unusable or damaged (collectively, the "Loss") then Lessee shall, within ten (10) days after the Loss, fully inform Lessor in writing of such a Loss and shall pay to Lessor the following amounts: (i) the

Monthly Lease Charges (and other amounts) due and owing under this Lease Agreement at the time of the Loss (or Event of Default, as defined hereinafter), plus (ii) the original cost of the Equipment subject to the Loss (or Event of Default, as defined hereinafter) multiplied by the "Percent of Original Cost." The Original Cost of a particular item of Equipment shall be Lessee's original purchase price of such item at the time of its purchase or payment to the applicable vendor by Lessor, plus additional or related charges such as taxes, delivery and freight, installation, maintenance, etc. The Percent of Original Cost shall be the Per Payment Factor multiplied by the number of lease payments Lessor has received from Lessee during the Initial Term subtracted from 112 and then divided by 100. The Per Payment Factor is the sum of 112 multiplied by 0.7 divided by the number of Monthly Lease Charges that are due during the Initial Term (collectively, the sum of (i) plus (ii) shall be the "Casualty Loss Value"). Upon receipt by Lessor of the Casualty Loss Value: (i) the applicable Equipment shall be removed from the Lease Schedule; and (ii) Lessee's obligation to pay Lease Charges associated with the applicable Equipment shall cease. Lessor may request, and Lessee shall complete, an affidavit(s), which swears out the facts supporting the Loss of any item of Equipment.

15. Insurance

Until the Equipment is returned to Lessor or as otherwise herein provided, whether or not this Lease Agreement has terminated as to the Equipment, Lessee at its expense, shall maintain: (i) property and casualty insurance insuring the Equipment for its Casualty Loss Value naming Lessor and/or its assigns as sole loss payee; and (ii) comprehensive public liability and third-party property insurance naming Lessor and/or its assigns as additional insureds. The insurance shall cover the interest of both the Lessor and Lessee in the Equipment, or as the case may be, shall protect both the Lessor and Lessee in respect to all risks arising out of the condition, delivery, installation, maintenance, use or operation of the Equipment.

All such insurance shall provide for thirty (30) days prior written notice to Lessor of cancellation, restriction, or reduction of coverage and shall have a clause specifying that no action or misrepresentation by Lessee shall invalidate such policy. Lessor shall be under no duty to ascertain the existence of or to examine any such policy or to advise Lessee in the event any such policy shall not comply with the requirements hereof. Lessee hereby irrevocably appoints Lessor as Lessee's attorney-in-fact to make claim for, receive payment of and execute and endorse all documents, checks or drafts for loss or damage or return premium under any insurance policy issued on the Equipment. Prior to installation of the Equipment, all policies or certificates of insurance shall be delivered to Lessor by Lessee. Lessee agrees to keep the Equipment insured with an insurance company which is at least "A" rated by A.M. Best and in such form, including a maximum deductible, as may be satisfactory to Lessor. The proceeds of any loss or damage insurance shall be payable to Lessor, but Lessor shall remit all such insurance proceeds to Lessee at such time as Lessee either (i) provides Lessor satisfactory proof that the damage has been repaired and the Equipment has been restored to good working order and condition or (ii) pays to Lessor the Casualty Loss Value. It is understood and agreed that any payments made by Lessee or its insurance carrier for loss or damage of any kind whatsoever to the Equipment are not made as accelerated rental payments or adjustments of rental, but are made solely as indemnity to Lessor for loss or damage of its Equipment.

Proof of such insurance must be provided to us at Lease inception and thereafter upon our written request. If you do not, we may obtain property loss insurance to protect our interests in the Equipment. If we do, you agree that: (i) you will reimburse the premium, which may be higher than you might pay if you obtained the insurance, (ii) the premium may include a profit to us and/or one of our affiliates, and (iii) we will not name you as an insured party and your interests may not be fully protected. We may apply any insurance proceeds received to repair or replace the Equipment, or to the remaining payments due or that become due under this Agreement, discounted at 3%.

16. Enforcement of Warranties

Lessee, in its own name, shall, so long as this Lease Agreement is in force, enforce any manufacturer's Equipment warranty.

17. Warranties, Disclaimers and Indemnity

Lessor warrants that at the time the Equipment is delivered to Lessee, Lessor will have full right, power and authority to lease the Equipment to Lessee. EXCEPT FOR THE WARRANTY IN THE

SENTENCE DIRECTLY PRECEDING THIS ONE, LESSOR DOES NOT MAKE ANY WARRANTIES OF ANY KIND, EXPRESS OR IMPLIED, INCLUDING THE WARRANTY OF MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE. LESSEE ACKNOWLEDGES THAT IT IS NOT RELYING ON LESSOR'S SKILL OR JUDGMENT TO SELECT OR FURNISH GOODS SUITABLE FOR ANY PARTICULAR PURPOSE; THAT LESSOR HAS NOT SELECTED, MANUFACTURED, SOLD OR SUPPLIED ANY OF THE EQUIPMENT; THAT THERE ARE NO EXPRESS OR IMPLIED WARRANTIES CONTAINED IN THIS LEASE AGREEMENT; AND THAT NEITHER LESSOR NOR SUPPLIER IS AN AGENT FOR THE OTHER AND LESSOR WILL NOT BE BOUND BY OR LIABLE FOR ANY REPRESENTATION, WARRANTY OR PROMISE MADE BY THE SUPPLIER. NO DEFECT, UNMERCHANTABILITY OR UNFITNESS OF THE EQUIPMENT SHALL RELIEVE LESSEE OF THE OBLIGATION TO PAY RENT OR PERFORM OTHER OBLIGATIONS UNDER THIS LEASE. LESSEE REPRESENTS AND WARRANTS THAT IT IS NOT A FOREIGN "FINANCIAL INSTITUTION" OR ACTING ON BEHALF OF A FOREIGN "FINANCIAL INSTITUTION" AS THAT TERM IS DEFINED IN THE BANK SECRECY ACT, 31 U.S.C. 5318, AS AMENDED. LESSEE ACKNOWLEDGES THAT LESSOR, IN COMPLIANCE WITH SECTION 326 OF THE USA PATRIOT ACT, WILL BE VERIFYING CERTAIN INFORMATION ABOUT LESSEE. LESSEE FURTHER ACKNOWLEDGES AND AGREES THAT LESSOR AND ITS REPRESENTATIVES AND EMPLOYEES HAVE NOT MADE ANY STATEMENT, REPRESENTATION OR WARRANTY RELATIVE TO THE ACCOUNTING OR TAX ENTRIES, TREATMENT, BENEFIT, USE OR CLASSIFICATION OF THE LEASE AGREEMENT, OR ASSOCIATED LEASE SCHEDULES. LESSEE ACKNOWLEDGES THAT IT AND/OR ITS INDEPENDENT ACCOUNTANTS ARE SOLELY RESPONSIBLE FOR (I) ANY AND ALL OF LESSEE'S ACCOUNTING AND TAX ENTRIES ASSOCIATED WITH THE LEASE AGREEMENT AND/OR THE LEASE SCHEDULES AND (II) THE ACCOUNTING AND TAX TREATMENT, BENEFITS, USES AND CLASSIFICATION OF THE LEASE AGREEMENT OR ANY LEASE SCHEDULE. LESSOR SHALL HAVE NO RESPONSIBILITY OR LIABILITY WHATSOEVER FOR ANY INFORMATION, INCLUDING BUT NOT LIMITED TO CONSUMER OR PATIENT INFORMATION, THAT IS AT ANY TIME ENTERED, STORED, TRANSFERRED TO, CONTAINED OR RETAINED ON ANY EQUIPMENT, WHETHER OR NOT SUCH INFORMATION IS SUBJECT TO FEDERAL, STATE OR OTHER LAW, INCLUDING BY WAY OF EXAMPLE ONLY AND NOT OF LIMITATION, THE HEALTH INSURANCE PORTABILITY ACCOUNTABILITY ACT OF 1996 (HIPAA), FINANCIAL MODERNIZATION ACT (GRAMM-LEACH-BLILEY ACT), ETC. LESSOR SHALL NOT BE LIABLE FOR ANY DAMAGES WHATSOEVER, INCLUDING, BUT NOT LIMITED TO, SPECIAL, INCIDENTAL OR CONSEQUENTIAL DAMAGES ARISING OUT OF OR IN CONNECTION WITH THE RELATIONSHIP BETWEEN THE LESSOR AND LESSEE, THIS LEASE AGREEMENT OR THE PERFORMANCE, POSSESSION, LEASE OR USE OF THE EQUIPMENT. THIS LEASE AGREEMENT IS A "FINANCE LEASE" AS THAT TERM IS DEFINED AND USED IN ARTICLE 2A OF THE UNIFORM COMMERCIAL CODE. NO RIGHTS OR REMEDIES REFERRED TO IN ARTICLE 2A OF THE UNIFORM COMMERCIAL CODE WILL BE CONFERRED ON LESSEE.

Lessee agrees that Lessor shall not be liable to Lessee for, and Lessee shall indemnify, defend and hold Lessor harmless with respect to, any claim from a third party for any liability, claim, loss, damage, cost or expense of any kind or nature, whether based upon a theory of strict liability or otherwise, caused, directly or indirectly, by: (i) the inadequacy of any item of Equipment, including software, for any purpose; (ii) any deficiency or any latent or other defects in any Equipment, including software, whether or not detectable by Lessee; (iii) the selection, manufacture, purchase, acceptance, rejection, ownership, delivery, installation, lease, possession, maintenance, operation, use or performance of any item of Equipment, including software; (iv) any interruption or loss of service, use or performance of any item of Equipment, including software; (v) patent, trademark or copyright or other intellectual property infringement; (vi) any information whatsoever or the loss, release, unauthorized access, transfer, theft, use or misuse thereof, or (vii) any loss of business or other special, incidental or consequential damages whether or not resulting from any of the foregoing. Lessee's duty to defend and indemnify Lessor shall survive the expiration, termination, cancellation or assignment of this Lease Agreement or a Lease Schedule and shall be binding upon Lessee's successors and permitted assigns.

18. Event of Default

The occurrence of any of the following events shall constitute an Event of Default under this Lease Agreement and/or any Lease Schedule:

(1) the nonpayment by Lessee of any Lease Charges when due, or the nonpayment by Lessee of any other sum required hereunder to be paid by Lessee which non-payment continues for a period of ten (10) days from the date when due;

(2) the failure of Lessee to perform any other term, covenant or condition of this Lease Agreement, any Lease Schedule or any other document, agreement or instrument executed pursuant hereto or in connection herewith which is not cured within ten (10) days after written notice thereof from Lessor;

(3) Lessee attempts to or does remove, transfer, sell, swap, assign, sublease, trade, exchange, encumber, receive an allowance or credit for, or part with possession of, any item of Equipment;

(4) Lessee ceases doing business as a going concern, is insolvent, makes an assignment for the benefit of creditors, fails to pay its debts as they become due, offers a settlement to creditors or calls a meeting of creditors for any such purposes, files a voluntary petition in bankruptcy, is subject to an involuntary petition in bankruptcy, is adjudicated bankrupt or insolvent, files or has filed against it a petition seeking any reorganization, arrangement or composition, under any present or future statute, law or regulation;

(5) any of Lessee's representations or warranties made herein or in any oral or written statement or certificate at any time given in writing pursuant hereto or in connection herewith shall be false or misleading in any material respect;

(6) Lessee defaults under or otherwise has accelerated any material obligation, credit agreement, loan agreement, conditional sales contract, lease, indenture or debentures; or Lessee defaults under any other agreement now existing or hereafter made with Lessor;

(7) the breach or repudiation by any party thereto of any guaranty, subordination agreement or other agreement running in favor of Lessor obtained in connection with this Lease Agreement; or

(8) Lessee (i) enters into any merger or consolidation with, or sells or transfers all or any substantial portion of its assets to, or enters into any partnership or joint venture other than in the ordinary course of business with, any entity, (ii) dissolves, liquidates or ceases or suspends the conduct of business, or ceases to maintain its existence, (iii) if Lessee is a privately held entity, enters into or suffers any transaction or series of transactions as a result of which Lessee is directly or indirectly controlled by persons or entities not directly or indirectly controlling Lessee as of the date hereof, or (iv) if Lessee is a publicly held entity, there shall be a change in the ownership of Lessee's stock or other equivalent ownership interest such that Lessee is no longer subject to the reporting requirements of, or no longer has a class of equity securities registered under, the Securities Act of 1933 or the Securities Exchange Act of 1934.

19. Remedies

Should any Event of Default occur, Lessor may, in order to protect its interests and reasonably expected profits, with or without notice or demand upon Lessee, retain any and all security deposits and pursue and enforce, alternatively, successively and/or concurrently, any one or more of the following remedies:

(1) recover from Lessee all accrued and unpaid Lease Charges and other amounts due and owing on the date of the default;

(2) recover from Lessee from time to time all Lease Charges and other amounts as and when becoming due hereunder;

(3) accelerate, cause to become immediately due and recover the present value of all Lease Charges and other amounts due and/or likely to become due hereunder from the date of the default to the end of the lease term using a discount rate of two percent (2%);

(4) cause to become immediately due and payable and recover from Lessee the Casualty Loss Value of the Equipment, which Lessee agrees is not a penalty but rather the fair measure of Lessor's loss in or damage to Lessor's interests in the Equipment and Lease caused by Lessee's default hereunder;

(5) terminate any or all of the Lessee's rights, but not its obligations, associated with the lease of the Equipment under this Lease Agreement;

(6) retake (by Lessor, independent contractor, or by requiring Lessee to assemble and surrender the Equipment in accordance with the provisions of Section 9 hereinabove) possession of the Equipment

without terminating the Lease Schedule or the Lease Agreement free from claims by Lessee which claims are hereby expressly waived by Lessee;

(7) require Lessee to deliver the Equipment to a location designated by Lessor;

(8) proceed by court action to enforce performance by Lessee of its obligations associated with any Lease Schedule and/or this Lease Agreement; and/or

(9) pursue any other remedy Lessor may otherwise have, at law, equity or under any statute and recover damages and expenses (including attorneys' fees) incurred by Lessor by reason of the Event of Default.

Upon repossession of the Equipment, Lessor shall have the right to lease, sell or otherwise dispose of such Equipment in a commercially reasonable manner, with or without notice, at a public or private sale. Lessor's pursuit and enforcement of any one or more remedies shall not be deemed an election or waiver by Lessor of any other remedy. Lessor shall not be obligated to sell or re-lease the Equipment. Any sale or re-lease, may be held at such place or places as are selected by Lessor, with or without having the Equipment present. Any such sale or re-lease may be at wholesale or retail, in bulk or in parcels. Time and exactitude of each of the terms and conditions of this Lease Agreement are hereby declared to be of the essence. Lessor may accept past due payments in any amount without modifying the terms of this Lease Agreement and without waiving any rights of Lessor hereunder.

20. Costs and Attorneys' Fees

In the event of any default, claim, proceeding, including a bankruptcy proceeding, arbitration, mediation, counter-claim, action (whether legal or equitable), appeal or otherwise, whether initiated by Lessor or Lessee (or a debtor-in-possession or bankruptcy trustee), which arises out of, under, or is related in any way to this Lease Agreement, any Lease Schedule, or any other document, agreement or instrument executed pursuant thereto or in connection therewith, or any governmental examination or investigation of Lessee, which requires Lessor's participation (individually and collectively, the "Claim"), Lessee, in addition to all other sums which Lessee may be called upon to pay under the provisions of this Lease Agreement, shall pay to Lessor, on demand, all costs, expenses and fees paid or payable in connection with the Claim, including, but not limited to, attorneys' fees and out-of-pocket costs, including travel and related expenses incurred by Lessor or its attorneys.

21. Lessor's Performance Option

Should Lessee fail to make any payment or to do any act as provided by this Lease Agreement, then Lessor shall have the right (but not the obligation), without notice to Lessee of its intention to do so and without releasing Lessee from any obligation hereunder to make or to do the same, to make advances to preserve the Equipment or Lessor's title thereto, and to pay, purchase, contest or compromise any insurance premium, encumbrance, charge, tax, lien or other sum which in the judgment of Lessor appears to affect the Equipment, and in exercising any such rights, Lessor may incur any liability and expend whatever amounts in its absolute discretion it may deem necessary therefor. All sums so incurred or expended by Lessor shall be due and payable by Lessee within ten (10) days of notice thereof.

22. Quiet Possession and Inspection

Lessor hereby covenants with Lessee that Lessee shall quietly possess the Equipment subject to and in accordance with the provisions hereof so long as Lessee is not in default hereunder; provided, however, that Lessor or its designated agent may, at any and all reasonable times during business hours, enter Lessee's premises for the purposes of inspecting the Equipment and the manner in which it is being used.

23. Assignments

This Lease Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. Lessee, however, shall not assign, transfer, pledge, mortgage, hypothecate or otherwise dispose of this Lease Agreement, the Lease Schedule(s), the Equipment, or any interest therein or sublet any of the Equipment without first obtaining the prior written consent of Lessor and its assigns, if any. Lessee acknowledges that the terms and conditions of this Lease Agreement have been fixed in anticipation of the possible assignment of Lessor's rights under this Lease Agreement and in and to

the Equipment as collateral security to a third party ("Assignee") which will rely upon and be entitled to the benefit of the provisions of this Lease Agreement. Lessee agrees to provide Lessor or its assigns with Lessee's most recent audited and its most current financial statements. Lessee agrees with Lessor and such Assignee to recognize in writing any such assignment within fifteen (15) days after receipt of written notice thereof and to pay thereafter all sums due to Lessor hereunder directly to such Assignee if directed by Lessor, notwithstanding any defense, set-off or counterclaim whatsoever (whether arising from a breach of this Lease Agreement or not) that Lessee may from time to time have against Lessor. Upon such assignment, the Lessor shall remain obligated to perform any obligations it may have under this Lease Agreement and the Assignee shall (unless otherwise expressly agreed to in writing by the Assignee) have no obligation to perform such obligations. Any such assignment shall be subject to Lessee's rights to use and possess the Equipment so long as Lessee is not in default hereunder.

24. Survival of Obligations

All covenants, agreements, representations, and warranties contained in this Lease Agreement, any Lease Schedule, or in any document attached thereto, shall be for the benefit of Lessor and Lessee and their respective successors, any assignee or secured party. Further, all covenants, agreements, representations, and warranties contained in this Lease Agreement, any Lease Schedule, or in any document attached thereto, shall survive the execution and delivery of this Lease Agreement and the expiration or other termination of this Lease Agreement.

25. Corporate Authority

The parties hereto covenant and warrant that the persons executing this Lease Agreement and each Lease Schedule on their behalf have been duly authorized to do so, and this Lease Agreement and any Lease Schedule constitute a valid and binding obligation of the parties hereto. The Lessee will, if requested by Lessor, provide to Lessor, Certificates of Authority naming the officers of the Lessee who have the authority to execute this Lease Agreement and any Lease Schedules attached thereto.

26. Landlords' and Mortgagees' Waiver

If requested, Lessee shall furnish waivers, in form and substance satisfactory to Lessor, from all landlords and mortgagees of any premises upon which any Equipment is located.

27. Miscellaneous

This Lease Agreement, the Lease Schedule(s), attached riders and any documents or instruments issued or executed pursuant hereto will have been made, executed and delivered in and shall be governed by the internal laws (as opposed to conflicts of law provisions) and decisions of the State of Minnesota. Lessee and Lessor consent to jurisdiction of any local, state or federal court located within Minnesota. Venue shall be in Minnesota and Lessee hereby waives local venue and any objection relating to Minnesota being an improper venue to conduct any proceeding relating to this Lease Agreement.

This Lease Agreement was jointly drafted by the parties, and the parties hereby agree that neither should be favored in the construction, interpretation or application of any provision or any ambiguity. There are no unwritten or oral agreements between the parties. This Lease Agreement and associated Lease Schedule(s) constitute the entire understanding and agreement between Lessor and Lessee with respect to the lease of the Equipment, superseding all prior understandings, agreements, negotiations, discussions, proposals, representations, promises, commitments and offers between the parties, whether oral or written. This Lease Agreement and associated Lease Schedule(s) constitute a single unitary agreement. No provision of this Lease Agreement or any Lease Schedule shall be deemed waived, amended, discharged or modified orally or by custom, usage or course of conduct unless such waiver, amendment or modification is in writing and signed by an officer of each of the parties hereto. If any one or more of the provisions of this Lease Agreement or any Lease Schedule is for any reason held invalid, illegal or unenforceable, the remaining provisions of this Lease Agreement and any such Lease Schedule will be unimpaired, and the invalid, illegal or unenforceable provisions shall be replaced by a mutually acceptable valid, legal and enforceable provision that is closest to the original intention of the parties. Lessee agrees that neither the

manufacturer, nor the supplier, nor any of their salespersons, employees or agents are agents of Lessor.

Any notice provided for herein shall be in writing and sent by certified or registered mail to the parties at the addresses stated on page 1 of this Lease Agreement.

The Monthly Lease Charge is intended to be fixed from the Commencement Date to the end of the term. The three-year treasury rate is an integral part of the lease rate. Lessee and Lessor agree that the lease rate shall also be fixed during the Installation Period but should the three-year treasury rate change between the date any Lease Schedule is signed by Lessor and the Commencement Date, the lease rate may be adjusted by the Lessor on or prior to such Commencement Date.

If, as part of a budget approved for Lessee for a fiscal year, sufficient funds are not appropriated to make payments required under a Lease Schedule, such Lease Schedule shall terminate as of the end of the last fiscal year for which funds have been appropriated provided that (1) Lessee does not acquire any substitute equipment which is functionally similar to the Equipment; (2) Lessee's operating funds are not otherwise available to Lessee to pay the Lease Charges; (3) there is no other legal procedure or available funds by or with which payment can be made to Lessor; and (4) the non-appropriation of funds did not result from any act or omission by Lessee. Lessee shall have the right to return the Equipment to Lessor as allowed hereunder and terminate by written notice to Lessor not less than ninety (90) days prior to the end of Lessee's fiscal year. Upon such termination, Lessee shall not thereafter acquire, lease or finance functionally similar equipment for a period of twelve (12) months. In the event subsequent to such termination funds are made available to Lessee for equipment which is functionally similar to the Equipment, Lessee agrees, at Lessor's option, to purchase, lease and / or otherwise acquire such equipment from Lessor. Lessee represents and warrants that it has appropriated and budgeted the necessary funds to pay all amounts due under a Lease Schedule for the remainder of the fiscal year in which the term for the applicable Lease Schedule commences. For each Lease Schedule created hereunder, Lessee shall provide Lessor with an opinion of counsel and other documentation as required by Lessor.

This Lease Agreement shall not become effective until delivered to Lessor at its offices at Excelsior, Minnesota and executed by Lessor. If this Lease Agreement shall be executed by Lessor prior to being executed by Lessee, it shall become void at Lessor's option five (5) days after the date of Lessor's execution hereof, unless Lessor shall have received by such date a copy hereof executed by a duly authorized representative of Lessee.

This Lease Agreement is made subject to the terms and conditions included herein and Lessee's acceptance is effective only to the extent that such terms and conditions are consistent with the terms and conditions herein. Any acceptance that contains terms and conditions that are in addition to or inconsistent with the terms and conditions herein will be a counter-offer and will not be binding unless agreed to in writing by Lessor.

If contrary to the parties' intentions a court of competent jurisdiction determines that this Lease is not a true "lease" under the UCC or other applicable law but rather another form of indebtedness secured by the Equipment, then Lessee shall be deemed to have granted and hereby grants to Lessor, a first priority security interest in: (1) the Equipment and all additions, attachments, accessories and accessions thereto; (2) all subleases, chattel paper, accounts, security deposits, and general intangibles relating thereto, and any and all substitutions, replacements or exchanges for any such item of Equipment, in each such case in which Lessee shall from time to time acquire an interest; and (3) any and all insurance and/or other proceeds of the property and other collateral in and against which a security interest is granted hereunder. Lessee hereby authorizes Lessor to file financing statements and/or any other appropriate document of public record in the applicable jurisdictions in order to perfect the security interest granted hereunder (for precautionary purposes only). Upon a default by Lessee under this Lease, in addition to all other remedies set forth herein, Lessor shall be entitled to exercise all other rights and remedies available to a secured party.

The parties agree that this Lease Agreement, the Lease Schedule(s), attached riders and any documents or instruments issued or executed pursuant hereto may be executed and delivered by electronic signatures and that the signatures appearing on such documents are the same as handwritten signatures for the purposes of validity, enforceability and admissibility.

The terms used in this Lease Agreement, unless otherwise defined, shall have the meanings ascribed to them in the Lease Schedule(s).

28. **REPOSSESSION AND JURY TRIAL WAIVER**

LESSEE ACKNOWLEDGES THAT, PURSUANT TO SECTION 19 HEREOF, LESSOR HAS BEEN GIVEN THE RIGHT TO REPOSSESS THE EQUIPMENT SHOULD LESSEE BECOME IN DEFAULT OF ITS OBLIGATIONS HEREUNDER. LESSEE HEREBY WAIVES THE RIGHT, IF ANY, TO REQUIRE LESSOR TO GIVE LESSEE NOTICE AND A JUDICIAL HEARING PRIOR TO EXERCISING SUCH RIGHT OF REPOSSESSION.

LESSEE HEREBY IRREVOCABLY WAIVES TRIAL BY JURY IN ANY ACTION BY OR AGAINST LESSOR IN CONNECTION WITH THIS LEASE AGREEMENT.

29. **Net Lease**

This Lease Agreement is a net lease and Lessee's obligations to pay all Lease Charges and other amounts payable hereunder shall be absolute and unconditional and, except as expressly provided herein, shall not be subject to any: (i) delay, abatement, reduction, defense, counterclaim, set-off or recoupment; (ii) discontinuance or termination of any license; (iii) Equipment failure, defect or deficiency; (iv) damage to or destruction of the Equipment; or (v) dissatisfaction with the Equipment

or otherwise, including any present or future claim against Lessor or the manufacturer, supplier, reseller or vendor of the Equipment. To the extent that the Equipment includes intangible (or intellectual) property, Lessee understands and agrees that: (i) Lessor is not a party to and does not have any responsibility under any software license and/or other agreement with respect to any software; and (ii) Lessee will be responsible to pay all of the Lease Charges and perform all its other obligations under this Lease Agreement despite any defect, deficiency, failure, termination, dissatisfaction, damage or destruction of any software or software license. Further, Lessee agrees that it has an unconditional, irrevocable and absolute obligation to pay all Lease Charges and other amounts payable hereunder to the Lessor although (i) the Lessor does not hold title to any Software (or intellectual or intangible property), (ii) Lessor is not a party to any Software license (or intellectual or intangible property license) that is listed among the Equipment on any Lease Schedule and (iii) any license to Software is exclusively between the licensor of the Software ("Licensor") and the Lessee. Except as expressly provided herein, this Lease Agreement shall not terminate for any reason, including any defect in the Equipment or Lessor's title thereto or any destruction or loss of use of any item of Equipment.

30. **Headings**

Section headings herein are used for convenience only and shall not otherwise affect the provisions of this Lease Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Lease Agreement to be signed by their respective duly authorized representative.

Every Term is Agreed to and Accepted:

**VANTAGE FINANCIAL, LLC DBA VANTAGE EQUIPMENT
LEASING, LLC
"LESSOR"**

By: _____

Print Name: _____

Title: _____

Date: _____

Every Term is Agreed to and Accepted:

CITY OF ROANOKE, TEXAS

"LESSEE"

By: _____

Print Name: _____

Title: _____

Date: _____

Federal Tax ID No.: _____

Certificate of Incumbency

I, _____ hereby certify to Vantage Financial, LLC dba Vantage Equipment Leasing, LLC
(insert name of secretary/officer, NOT signer of docs) (the "Secured Party")

that I am the _____ of City of Roanoke, Texas,
(insert title of secretary/officer, NOT signer of docs)

a Texas Municipal Entity (whether designated a corporation, limited liability company, limited liability partnership, limited partnership, partnership, municipal entity, government entity or otherwise, the "Borrower"), and that, in such capacity, I am authorized to execute this Certificate of Incumbency ("Certificate") on behalf of the Borrower. I further certify that any one of the following representative(s) of the Borrower:

Name (insert name of signer of the docs)

Title (insert title of signer of the docs)

Signature

_____	_____	_____
_____	_____	_____
_____	_____	_____

(each an "Authorized Person") is/are authorized by the Borrower to transact any business with Secured Party as such Authorized Person(s) believe(s) to be advisable, including without limitation:

- (a) To lease, rent, or purchase Equipment, to borrow money from Secured Party from time to time on terms, with or without security, as such Authorized Person believes to be proper;
- (b) To sign and deliver to Secured Party from time to time lease agreements, rental agreements, finance agreements, including all schedules to such agreements, notes or loan agreements and amendments to such documents, and any and all other transaction documents necessary and incidental thereto, on the terms as such Authorized Person believes to be proper;
- (c) To pledge or create any lien or security interest upon or with respect to any real or personal property assets, to sign and deliver to Secured Party, as security for any agreements or credit and for all present or future obligations to Secured Party, all documents the Authorized Person believes proper, and to perform such acts required to create and perfect such security interests; and
- (d) To execute and deliver guaranties to Secured Party.

Secured Party or any lessor, seller or lender to whom this Certificate is delivered may rely on this Certificate until Secured Party receives written notice that any such person listed above is no longer an Authorized Person. The authority hereby granted applies to successors of the positions set forth above. The execution of any of the above described documents by any one of the Authorized Persons may be relied upon as conclusive evidence of approval by the Borrower.

Borrower agrees that Secured Party may accept an electronic transmission of this Certificate as an original, and that electronically transmitted copies of any and all signatures herein will be treated as an original for all purposes.

IN WITNESS WHEREOF, the undersigned has executed this Certificate this _____ day of _____, 20 ____.

Signature:

(insert signature, name and title of secretary/officer, NOT signer of docs)

Printed Name:

Title:

LEASE SCHEDULE 001

This Lease Schedule is issued pursuant to the Lease Agreement No. ROA092524 dated September 25, 2024. The terms and conditions of the Lease Agreement and the terms and conditions of Certificates of Acceptance executed pursuant to Lease Schedule 001, including Installation Dates and descriptions and serial numbers of Equipment contained therein, are a part hereof and incorporated by reference herein.

LESSOR:

Vantage Financial, LLC dba Vantage Equipment Leasing, LLC
444 Second Street
Excelsior, MN 55331

LESSEE:

City of Roanoke, Texas
500 S Oak Street
Roanoke, TX 76262-6732

SUPPLIER OF EQUIPMENT:

Sequel Data Systems, Inc.

LOCATION OF INSTALLATION:

Same as above

Term of Lease from Commencement Date: 60 months

Monthly Lease Charge: \$7,101.17; due annually as \$85,214.00

Security Deposit: Lessee shall deliver a security deposit in the amount of \$7,101.00. If no Event of Default has occurred, this security deposit may be applied toward the total amounts due pursuant to the applicable Lease Schedule.

EQUIPMENT:

Dell PowerEdge R660 Rack Server with Various Hardware and Evergreen Forever Subscription, to be fully described at a later date.

Lessee understands that Lessor's commitment to lease Equipment under this Lease Schedule 001 is contingent upon continuing credit approval by Lessor's credit committee and such credit approval shall be at Lessor's sole discretion.

Title to all of the Equipment listed on this Lease Schedule 001 shall transfer to Lessee "as-is, where-is" for one dollar (\$1.00) after all of the following have occurred; (i) Lessor has received all of the monies due under and associated with this Lease Schedule 001; (ii) Lessee has paid to Lessor all other monetary amounts that are due pursuant to Lease Agreement Number ROA092524; and (iii) Lessee has otherwise complied with all of the terms and conditions of Lease Agreement Number ROA092524. LESSOR SELLS TO LESSEE WITHOUT WARRANTY OF ANY KIND, EXPRESSED OR IMPLIED, INCLUDING THE WARRANTY OF MERCHANTABILITY AND OF FITNESS FOR ANY PARTICULAR PURPOSE.

The Monthly Lease Charge will be prorated and charged as interim rent between the date an item of Equipment is accepted and the Commencement Date. Lessee confirms that the Equipment listed on this Lease Schedule is business essential as part of the operation of Lessee.

Every Term is Agreed to and Accepted:

**VANTAGE FINANCIAL, LLC DBA VANTAGE
EQUIPMENT LEASING, LLC
"LESSOR"**

By: _____

Print Name: _____

Title: _____

Date: _____

Every Term is Agreed to and Accepted:

**CITY OF ROANOKE, TEXAS
"LESSEE"**

By: _____

Print Name: _____

Title: _____

Date: _____

The parties agree that this Lease Schedule, along with any riders and any documents or instruments issued or executed pursuant hereto, may be executed and delivered by electronic signatures and that the signatures appearing on such documents are the same as handwritten signatures for the purposes of validity, enforceability, and admissibility.

Insurance Certificate Request

Vantage Financial, LLC dba Vantage Equipment Leasing, LLC has entered into Agreement No. ROA092524 with City of Roanoke, Texas. The contract calls for insurance coverage described below:

Insured:	City of Roanoke, Texas
Insured Property:	Dell PowerEdge R660 Rack Servers
Location:	500 S Oak Street Roanoke, TX 76262-6732
Additional Insured and Loss Payee:	Vantage Financial, LLC dba Vantage Equipment Leasing, LLC and/or its Assigns 444 Second Street Excelsior, MN 55331
Coverage Amount:	\$237,400.00

Section 15 of the Agreement requires the following coverage:

- **PROPERTY AND CASUALTY INSURANCE NAMING VANTAGE FINANCIAL, LLC DBA VANTAGE EQUIPMENT LEASING, LLC AND/OR ITS ASSIGNS AS SOLE LOSS PAYEE**
- **COMPREHENSIVE PUBLIC LIABILITY AND THIRD-PARTY PROPERTY INSURANCE NAMING VANTAGE FINANCIAL, LLC DBA VANTAGE EQUIPMENT LEASING, LLC AND/OR ITS ASSIGNS AS ADDITIONAL INSURED**

A maximum deductible of \$10,000.00 is allowed. The insurance shall provide for thirty (30) days prior written notice to Vantage Financial, LLC dba Vantage Equipment Leasing, LLC of CANCELLATION, restriction, or reduction of coverage and shall have a clause specifying that no action or misrepresentation by Lessee shall invalidate such policy. **Please reference the above lease agreement number on the certificate.**

Upon issuance of the coverage outlined above, please email certificate to trivers@vantagefncl.com. Your courtesy in issuing and forwarding the requested instrument at your earliest convenience will be greatly appreciated. Please contact me at (952) 353-9863 if you have any questions.

Sincerely,

Tracy Rivers

Tracy Rivers
Vantage Financial, LLC dba Vantage Equipment Leasing, LLC



AGENDA ITEM

TO: Mayor and City Council

SUBJECT: RES NO 2024-108R - Nominate Candidate for DCAD Board of Director Election

MEETING DATE: October 8, 2024

DEPARTMENT: Administration

ITEM SUMMARY:

Consideration and action on approval of Resolution No. 2024-108R nominating a candidate for the election of the Board of Directors of the Denton Central Appraisal District (DCAD).

INFORMATION:

Each entity that is entitled to vote may nominate up to one candidate for each position to be filled on the Board of Directors. All five of the board positions are included in this appointment. Therefore, each taxing entity can nominate a maximum of five candidates. Ref. Tax Code 6.03 (g) The Resolution must include the name and address of each candidate nominated. To be eligible to serve on the board, an individual must be a resident of the district (Denton County) and must have resided in the district for at least two years immediately preceding the date they take office.

STAFF RECOMMENDATION:

SPECIAL CONSIDERATION:

FINANCIAL CONSIDERATION:

ATTACHMENTS:

1. Nomination Reminder Letter



Denton Central Appraisal District
3911 Morse Street
Denton, TX 76208

(940) 349-3800
 www.dentoncad.com

October 1, 2024

TO: Taxing Entities of Denton County

FROM: Don Spencer - Chief Appraiser

Subject: Allocation of Votes for Appointment of Board of Directors and Nomination Reminder

Good afternoon ladies and gentlemen:

As a friendly reminder, nominations for the five appointed board positions for the Denton CAD board of directors is to be done before October 15th according to the tax code. **This must be done by submitting a nominating resolution to us no later than the end of the business day on the 14th.** Each entity that is entitled to vote may nominate up to one candidate for each position to be filled on the Board of Directors. All five of the board positions are included in this appointment, therefore each taxing entity can nominate a maximum of five candidates. Ref. Tax Code 6.03 (g) The Resolution must include the name and address of each candidate nominated. To be eligible to serve on the board, an individual must be a resident of the district (Denton County) and must have resided in the district for at least two years immediately preceding the date they take office. **Remember that this is the nominations part of the process and the written resolution associated with this phase of the appointment should only include nominations of candidates.** I can provide a sample resolution if you need one.

I have included the allocation of votes accordingly for the upcoming election to begin after nominations are received and the ballot is prepared. The allocations were calculated in accordance with the tax code. Ref. Tax Code 6.03 (d&e)

If you have any questions at all about this process or anything else please let me know. Thank you all again so much for your attention to this matter and for your support.

Best regards,



Don Spencer
Chief Appraiser

DENTON CENTRAL APPRAISAL DISTRICT				
2024 DISTRIBUTION OF VOTES				
			%OF TOTAL	NUMBER
JURISDICTIONS		2023 LEVY	LEVIES	OF VOTES
SCHOOL DISTRICTS:				
S01	ARGYLE ISD	60,114,589.31	2.1028%	105
S02	AUBREY ISD	34,321,369.54	1.2006%	60
S03	CARROLLTON-FB ISD	59,321,215.50	2.0751%	104
S04	CELINA ISD	3,146,365.81	0.1101%	6
S05	DENTON ISD	363,897,514.29	12.7291%	636
S15	ERA ISD	1,316.27	0.0000%	1
S06	FRISCO ISD	185,710,323.80	6.4962%	325
S07	KRUM ISD	22,973,409.13	0.8036%	40
S08	LAKE DALLAS ISD	38,574,582.69	1.3493%	67
S09	LEWISVILLE ISD	640,496,706.05	22.4046%	1120
S10	LITTLE ELM ISD	99,672,541.66	3.4865%	174
S11	NORTHWEST ISD	211,182,352.68	7.3872%	369
S12	PILOT POINT ISD	12,242,011.09	0.4282%	21
S13	PONDER ISD	16,192,375.42	0.5664%	28
S17	PROSPER ISD	44,883,909.88	1.5700%	79
S14	SANGER ISD	25,430,897.51	0.8896%	44
S16	SLIDELL ISD	752,781.09	0.0263%	1
SCHOOL DISTRICTS TOTALS		\$1,818,914,261.72	63.626%	3182
G01	DENTON COUNTY	\$332,669,895.73	11.64%	582
CITIES:				
C26	TOWN OF ARGYLE	4,743,192.10	0.1659%	8
C01	CITY OF AUBREY	4,743,753.36	0.1659%	8
C31	TOWN OF BARTONVILLE	1,098,332.46	0.0384%	2
C02	CITY OF CARROLLTON	66,820,813.21	2.3374%	117
C49	CITY OF CELINA	5,780,996.55	0.2022%	10
C03	CITY OF THE COLONY	49,370,888.63	1.7270%	86
C21	TOWN OF COPPELL	1,189,865.11	0.0416%	2
C27	TOWN OF COPPER CANYON	1,486,063.82	0.0520%	3
C04	CITY OF CORINTH	17,538,879.40	0.6135%	31
C20	CITY OF DALLAS	17,277,441.44	0.6044%	30
C05	CITY OF DENTON	107,856,823.32	3.7728%	189
C42	CITY OF DISH	214,089.77	0.0075%	1
C30	TOWN OF DOUBLE OAK	1,236,380.77	0.0432%	2
C47	TOWN OF CORRAL CITY	19,122.17	0.0007%	1
C07	TOWN OF FLOWER MOUND	59,647,226.67	2.0865%	104
C36	CITY OF FORT WORTH	43,511,254.84	1.5220%	75
C32	CITY OF FRISCO	77,125,010.53	2.6978%	135
C39	CITY OF GRAPEVINE	353.40	0.0000%	1
C22	TOWN OF HACKBERRY	215,931.00	0.0076%	1
C38	CITY OF HASLET	4,273.59	0.0001%	1
C19	TOWN OF HICKORY CREEK	2,513,775.76	0.0879%	4
C08	CITY OF HIGHLAND VILLAGE	16,016,996.76	0.5603%	28
C09	CITY OF JUSTIN	6,157,278.77	0.2154%	10
C18	CITY OF KRUGERVILLE	1,306,852.91	0.0457%	2
C10	CITY OF Krum	4,569,621.33	0.1598%	8
C11	CITY OF LAKE DALLAS	4,221,993.88	0.1477%	7
C25	CITY OF LAKEWOOD VILLAGE	676,945.12	0.0237%	1
C12	CITY OF LEWISVILLE	87,690,250.13	3.0674%	153
C13	TOWN OF LITTLE ELM	45,921,404.02	1.6063%	80
C45	CITY OF NEW FAIRVIEW	57,369.53	0.0020%	1
C33	TOWN OF NORTHLAKE	8,206,500.28	0.2871%	14
C24	CITY OF OAK POINT	4,480,417.82	0.1567%	8
C14	CITY OF PILOT POINT	4,286,872.10	0.1500%	8
C29	CITY OF PLANO	7,098,097.71	0.2483%	11
C15	TOWN OF PONDER	2,180,652.92	0.0763%	3
C48	CITY OF PROSPER	12,225,453.38	0.4276%	20
C51	TOWN OF PROVIDENCE VILLAGE	5,459,672.92	0.1910%	10
C17	CITY OF ROANOKE	11,368,927.41	0.3977%	20
C16	CITY OF SANGER	8,914,071.23	0.3118%	15
C34	TOWN OF SHADY SHORES	1,555,153.67	0.0544%	2
C37	CITY OF SOUTHLAKE	824,974.30	0.0289%	1
C28	CITY OF TROPHY CLUB	11,354,591.12	0.3972%	20
C44	TOWN OF WESTLAKE	220,870.82	0.0077%	1
CITY TOTAL		\$707,189,436.03	24.74%	1236
TOTAL ALL JURISDICTIONS		\$2,858,773,593.48	100.00%	5000



AGENDA ITEM

TO: Mayor & City Council

SUBJECT: ORD NO 2024-116 - Issue Certificates of Obligation Series 2024A

MEETING DATE: October 8, 2024

DEPARTMENT: City Manager

ITEM SUMMARY:

Consideration and action on approval of Ordinance No.2024-116 authorizing the issuance and sale of City of Roanoke, Texas, Combination Tax and Revenue Certificates of Obligation, Series 2024A; levying an annual ad valorem tax and providing for the security for and payment of the certificates; approving an official statement; providing an effective date; and enacting other provisions relating to the subject.

INFORMATION:

These bonds will be the final issue to provide funding for construction of the City's new municipal court and public safety building, currently slated for completion in December of 2025.

STAFF RECOMMENDATION:

SPECIAL CONSIDERATION:

FINANCIAL CONSIDERATION:

ATTACHMENTS:

1. ORD NO 2024-116 - Issue CO 2024A (ver 1)

CERTIFICATE FOR ORDINANCE

THE STATE OF TEXAS
DENTON AND TARRANT COUNTIES
CITY OF ROANOKE

We, the undersigned officers of the City of Roanoke, Texas (the "City"), hereby certify as follows:

1. The City Council of the City convened in a Regular Meeting on October 8, 2024 at the regular meeting place of the City Council at City Hall and the roll was called of the duly constituted officers and members of the City Council, to wit:

Carl E. "Scooter" Gierisch, Jr.; Mayor	Holly Gray; Mayor Pro Tem
Hogan Page; Council Member	Brian Darby; Council Member
Bryan Moyers; Council Member	David Brundage; Council Member
David Thompson; Council Member	

and all of the persons were present, except Holly Gray, Bryan Moyers, and David Thompson, thus constituting a quorum. Whereupon, among other business, the following was transacted at the Meeting: a written

AN ORDINANCE AUTHORIZING THE ISSUANCE AND SALE OF CITY OF ROANOKE, TEXAS, COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2024A; LEVYING AN ANNUAL AD VALOREM TAX AND PROVIDING FOR THE SECURITY FOR AND PAYMENT OF THE CERTIFICATES; APPROVING AN OFFICIAL STATEMENT; PROVIDING AN EFFECTIVE DATE; AND ENACTING OTHER PROVISIONS RELATING TO THE SUBJECT

was duly introduced for the consideration of the City Council. It was then duly moved and seconded that the Ordinance be adopted and, after due discussion, the motion, carrying with it the adoption of the Ordinance, prevailed and carried by the following vote:

AYES: _____ NOES: _____ ABSTAIN: _____

2. That a true, full and correct copy of the Ordinance adopted at the Meeting described in the above and foregoing paragraph is attached to and follows this Certificate; that the Ordinance has been duly recorded in the City Council's minutes of the Meeting; that the above and foregoing paragraph is a true, full and correct excerpt from the City Council's minutes of the Meeting pertaining to the adoption of the Ordinance; that the persons named in the above and foregoing paragraph are the duly chosen, qualified and acting officers and members of the City Council as indicated therein; that each of the officers and members of the City Council was duly and sufficiently notified officially and personally, in advance, of the time, place and purpose of the Meeting, and that the Ordinance would be introduced and considered for adoption at the Meeting, and each of the officers and members consented, in advance, to the holding of the Meeting for such purpose, and that the Meeting was open to the public and public notice of the time, place and purpose of the meeting was given, all as required by Chapter 551, Texas Government Code.

3. That the Mayor of the City has approved and hereby approves the Ordinance; that the Mayor and the City Secretary of the City have duly signed the Ordinance; and that the Mayor and the City Secretary of the City hereby declare that their signing of this Certificate shall constitute the signing of the attached and following copy of the Ordinance for all purposes.

SIGNED AND SEALED ON OCTOBER 8, 2024.

April S. Hill; City Secretary
City of Roanoke, Texas

Carl E. Gierisch, Jr.; Mayor
City of Roanoke, Texas

(CITY SEAL)

Certificate for Ordinance Authorizing the Issuance and Sale of
City of Roanoke, Texas Combination Tax and Revenue Certificates of Obligation, Series 2024A

Ordinance No. 2024-116

ORDINANCE NO. 2024-116

AUTHORIZING THE ISSUANCE AND SALE OF CITY OF ROANOKE, TEXAS, COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2024A; LEVYING AN ANNUAL AD VALOREM TAX AND PROVIDING FOR THE SECURITY FOR AND PAYMENT OF THE CERTIFICATES; APPROVING AN OFFICIAL STATEMENT; PROVIDING AN EFFECTIVE DATE; AND ENACTING OTHER PROVISIONS RELATING TO THE SUBJECT

WHEREAS, the City Council of the City of Roanoke, Texas, deems it advisable to issue Certificates of Obligation in the amount of \$[par] for the purposes hereinafter set forth; and

WHEREAS, the Certificates of Obligation hereinafter authorized and designated are to be issued and delivered for cash pursuant to Subchapter C of Chapter 271, Local Government Code and Chapter 1502, Texas Government Code; and

WHEREAS, the City Council has heretofore passed a resolution authorizing and directing the City Secretary to give notice of intention to issue Certificates of Obligation ("Notice"), and the Notice has been duly published in a newspaper of general circulation in the City with the first publication being at least forty-five days prior to the date of passage of this Ordinance, the newspaper being a "newspaper" as defined in Section 2051.044, Texas Government Code; and

WHEREAS, the City received no petition from the qualified electors of the City protesting the issuance of such Certificates of Obligation; and

WHEREAS, during the preceding three years, the City has not submitted a bond proposition to authorize the issuance of bonds for the same purpose for which the Certificates of Obligation are hereby being issued and which proposition was disapproved by voters; and

WHEREAS, it is considered to be to the best interest of the City that the interest-bearing Certificates of Obligation be issued; and

WHEREAS, it is officially found, determined, and declared that the meeting at which this Ordinance has been adopted was open to the public and public notice of the time, place and subject matter of the public business to be considered and acted upon at the meeting, including this Ordinance, was given, all as required by the applicable provisions of Texas Government Code, Chapter 551; Now, Therefore

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF ROANOKE, TEXAS:

Section 1. RECITALS, AMOUNT AND PURPOSE OF THE CERTIFICATES. The recitals set forth in the preamble hereof are incorporated herein and shall have the same force and effect as if set forth in this Section. The certificates of the City of Roanoke, Texas (the "Issuer") are hereby authorized to be issued and delivered in the aggregate principal amount of \$[par] for paying all or a portion of the Issuer's contractual obligations incurred in connection with: (1) constructing and improving streets and roads including related drainage, landscaping, signalization, lighting, pedestrian improvements and signage related thereto; (2) constructing a new police and courts facility and related parking for such facility and (3) paying fees for legal, fiscal, engineering, architectural and other professional services in connection with these projects (collectively, the "Project").

Section 2. DESIGNATION, DATE, DENOMINATIONS, NUMBERS, AND MATURITIES AND INTEREST RATES OF CERTIFICATES. Each certificate issued pursuant to this Ordinance shall

be designated: "CITY OF ROANOKE, TEXAS, COMBINATION TAX AND REVENUE CERTIFICATE OF OBLIGATION, SERIES 2024A," and initially there shall be issued, sold, and delivered hereunder one fully registered certificate, without interest coupons, dated October 15, 2024 (the "Dated Date"), in the principal amount stated above and in the denominations hereinafter stated, numbered T-1, with certificates issued in replacement thereof being in the denominations and principal amounts hereinafter stated and numbered consecutively from R-1 upward, payable to the respective Registered Owners thereof (with the initial certificate being made payable to the initial purchaser as described in Section 10 hereof), or to the registered assignee or assignees of the certificates or any portion or portions thereof (in each case, the "Registered Owner"), and the certificates shall mature and be payable on the Maturity Dates and in the Principal Amounts, respectively, and shall bear interest from the October 30, 2024 (the "Delivery Date") as set forth in the FORM OF CERTIFICATE in **Exhibit A** of this Ordinance to their respective dates of maturity at the rates per annum, as set forth in the following schedule:

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rates</u>
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The term "Certificates" as used in this Ordinance shall mean and include collectively the certificates initially issued and delivered pursuant to this Ordinance and all substitute certificates exchanged therefor, as well as all other substitute certificates and replacement certificates issued pursuant hereto, and the term "Certificate" shall mean any of the Certificates.

Section 3. CHARACTERISTICS OF THE CERTIFICATES.

(a) Registration, Transfer, Conversion and Exchange; Authentication. The Issuer shall keep or cause to be kept at the principal corporate trust office of U.S. Bank Trust Company National Association, Dallas, Texas (the "Paying Agent/Registrar") books or records for the registration of the transfer, conversion and exchange of the Certificates (the "Registration Books"), and the Issuer hereby appoints the Paying Agent/Registrar as its registrar and transfer agent to keep such books or records and make such registrations of transfers, conversions and exchanges under such reasonable regulations as the Issuer and Paying Agent/Registrar may prescribe; and the Paying Agent/Registrar shall make such registrations, transfers, conversions and exchanges as herein provided. The Paying Agent/Registrar shall obtain and record in the Registration Books the address of the registered owner of each Certificate to which payments with respect to the Certificates shall be mailed, as herein provided; but it shall be the duty of each registered owner to notify the Paying Agent/Registrar in writing of the address to which payments shall be mailed, and such interest payments shall not be mailed unless such notice has been given. The Issuer shall have the right to inspect the Registration Books during regular business hours of the Paying Agent/Registrar, but otherwise the Paying Agent/Registrar shall keep the Registration Books confidential and, unless otherwise required by law, shall not permit their inspection by any other entity. The Issuer shall pay the Paying Agent/Registrar's standard or customary fees and charges for making such registration, transfer, conversion, exchange and delivery of a substitute Certificate or Certificates. Registration of assignments, transfers, conversions and exchanges of Certificates shall be made in the manner provided and with the effect stated in the FORM OF CERTIFICATE set forth in this Ordinance. Each substitute Certificate shall bear a letter and/or number to distinguish it from each other Certificate.

(b) Except as provided in Section 3(d) of this Ordinance, an authorized representative of the Paying Agent/Registrar shall, before the delivery of any such Certificate, date and manually sign said Certificate, and no such Certificate shall be deemed to be issued or outstanding unless such Certificate is so executed. The Paying Agent/Registrar promptly shall cancel all paid Certificates and Certificates surrendered for conversion and exchange. No additional ordinances, orders, or resolutions need be passed or adopted by the governing body of the Issuer or any other body or person so as to accomplish the foregoing conversion and exchange of any Certificate or portion thereof, and the Paying Agent/Registrar shall provide for the printing, execution, and delivery of the substitute Certificates in the manner prescribed herein, and said Certificates shall be printed or typed on paper of customary weight and strength. Pursuant to Chapter 1201, Government Code, as amended, the duty of conversion and exchange of Certificates as aforesaid is hereby imposed upon the Paying Agent/Registrar, and, upon the execution of said Certificate, the converted and exchanged Certificate shall be valid, incontestable, and enforceable in the same manner and with the same effect as the Certificates that initially were issued and delivered pursuant to this Ordinance, approved by the Attorney General and registered by the Comptroller of Public Accounts.

(c) Payment of Certificates and Interest. The Issuer hereby further appoints the Paying Agent/Registrar to act as the paying agent for paying the principal of and interest on the Certificates, all as provided in this Ordinance. The Paying Agent/Registrar shall keep proper records of all payments made by the Issuer and the Paying Agent/Registrar with respect to the Certificates, and of all conversions and exchanges of Certificates, and all replacements of Certificates, as provided in this Ordinance. However, in the event of a nonpayment of interest on a scheduled payment date, and for thirty (30) days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the Issuer. Notice of the past due interest shall be sent at least five (5) business days prior to the Special Record Date by United States mail, first-class postage prepaid, to the address of each registered owner appearing on the Registration Books at the close of business on the last business day next preceding the date of mailing of such notice.

(d) In General. The Certificates (i) shall be issued in fully registered form, without interest coupons, with the principal of and interest on such Certificates to be payable only to the registered owners thereof, (ii) may be converted and exchanged for other Certificates, (iii) may be transferred and assigned, (iv) shall have the characteristics, (v) shall be signed, sealed, executed and authenticated, (vi) the principal of and interest on the Certificates shall be payable, and (vii) shall be administered and the Paying Agent/Registrar and the Issuer shall have certain duties and responsibilities with respect to the Certificates, all as provided, and in the manner and to the effect as required or indicated, in the FORM OF CERTIFICATE set forth in this Ordinance. The Certificate initially issued and delivered pursuant to this Ordinance is not required to be, and shall not be, authenticated by the Paying Agent/Registrar, but on each substitute Certificate issued in conversion of and exchange for any Certificate or Certificates issued under this Ordinance the Paying Agent/Registrar shall execute the PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE, in the form set forth in the FORM OF CERTIFICATE.

(e) Paying Agent/Registrar for the Certificates. The Issuer covenants with the registered owners of the Certificates that at all times while the Certificates are outstanding the Issuer will provide a competent and legally qualified bank, trust company, financial institution, or other entity to act as and perform the services of Paying Agent/Registrar for the Certificates under this Ordinance, and that the Paying Agent/Registrar will be one entity. The Issuer reserves the right to, and may, at its option, change the Paying Agent/Registrar upon not less than 120 days written notice to the Paying Agent/Registrar, to be effective not later than 60 days prior to the next principal or interest payment date after such notice. In the event that the entity at any time acting as Paying Agent/Registrar (or its successor by merger, acquisition, or other method) should resign or otherwise cease to act as such, the Issuer covenants that promptly it will appoint a competent and legally qualified bank, trust company, financial institution, or other agency to act as Paying Agent/Registrar under this Ordinance. Upon any change in the Paying Agent/Registrar, the previous Paying Agent/Registrar promptly shall transfer and deliver the Registration Books (or a copy thereof), along with all other pertinent books and records relating to the Certificates, to the new Paying Agent/Registrar designated and appointed by the Issuer. Upon any change in the Paying Agent/Registrar, the Issuer promptly will cause a written notice thereof to be sent by the new Paying Agent/Registrar to each Registered Owner of the Certificates, by United States mail, first-class postage prepaid, which notice also shall give the address of the new Paying Agent/Registrar. By accepting the position and performing as such, each Paying Agent/Registrar shall be deemed to have agreed to the provisions of this Ordinance, and a certified copy of this Ordinance shall be delivered to each Paying Agent/Registrar.

(f) Authentication. Except as provided below, no Certificate shall be valid or obligatory for any purpose or be entitled to any security or benefit of this Ordinance unless and until there appears thereon the Certificate of Paying Agent/Registrar substantially in the form provided in this Ordinance, duly authenticated by manual execution of the Paying Agent/Registrar. It shall not be required that the same authorized representative of the Paying Agent/Registrar sign the Certificate of Paying Agent/Registrar on all of the Certificates. In lieu of the executed Certificate of Paying Agent/Registrar described above, the Initial Certificate delivered on the closing date shall have attached thereto the Comptroller's Registration Certificate substantially in the form provided in this Ordinance, manually executed by the Comptroller of Public Accounts of the State of Texas or by his duly authorized agent, which certificate shall be evidence that the Initial Certificate has been duly approved by the Attorney General of the State of Texas and that it is a valid and binding obligation of the Issuer, and has been registered by the Comptroller.

(g) Book-Entry Only System.

(i) The Certificates issued in exchange for the Certificate initially issued to the initial purchaser specified herein shall be initially issued in the form of a separate single fully registered Certificate for each of the maturities thereof. Upon initial issuance, the ownership of each such Certificate shall be registered in the name of Cede & Co., as nominee of The Depository Trust

Company, New York, New York ("DTC"), and except as provided in subsection (f) hereof, all of the outstanding Certificates shall be registered in the name of Cede & Co., as nominee of DTC.

(ii) With respect to Certificates registered in the name of Cede & Co., as nominee of DTC, the Issuer and the Paying Agent/Registrar shall have no responsibility or obligation to any securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations on whose behalf DTC was created ("DTC Participant") to hold securities to facilitate the clearance and settlement of securities transactions among DTC Participants or to any person on behalf of whom such a DTC Participant holds an interest in the Certificates. Without limiting the immediately preceding sentence, the Issuer and the Paying Agent/Registrar shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any DTC Participant with respect to any ownership interest in the Certificates, (ii) the delivery to any DTC Participant or any other person, other than a Registered Owner of Certificates, as shown on the Registration Books, of any notice with respect to the Certificates, or (iii) the payment to any DTC Participant or any other person, other than a Registered Owner of Certificates, as shown in the Registration Books of any amount with respect to principal of or interest on the Certificates. Notwithstanding any other provision of this Ordinance to the contrary, the Issuer and the Paying Agent/Registrar shall be entitled to treat and consider the person in whose name each Certificate is registered in the Registration Books as the absolute owner of such Certificate for the purpose of payment of principal and interest with respect to such Certificate, for the purpose of registering transfers with respect to such Certificate, and for all other purposes whatsoever. The Paying Agent/Registrar shall pay all principal of and interest on the Certificates only to or upon the order of the Registered Owners, as shown in the Registration Books as provided in this Ordinance, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the Issuer's obligations with respect to payment of principal of and interest on the Certificates to the extent of the sum or sums so paid. No person other than a Registered Owner, as shown in the Registration Books, shall receive a Certificate evidencing the obligation of the Issuer to make payments of principal and interest pursuant to this Ordinance. Upon delivery by DTC to the Paying Agent/Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions in this Ordinance with respect to interest checks being mailed to the Registered Owner at the close of business on the Record date, the words "Cede & Co." in this Ordinance shall refer to such new nominee of DTC.

(iii) The previous execution and delivery of the Blanket Letter of Representations with respect to obligations of the Issuer is hereby ratified and confirmed; and the provisions thereof shall be fully applicable to the Certificates.

(h) Successor Securities Depository; Transfers outside Book-Entry Only System. In the event that the Issuer determines that DTC is incapable of discharging its responsibilities described herein and in the representations letter of the Issuer to DTC or that it is in the best interest of the beneficial owners of the Certificates that they be able to obtain certificated Certificates, the Issuer shall (i) appoint a successor securities depository, qualified to act as such under Section 17A of the Securities and Exchange Act of 1934, as amended, notify DTC and DTC Participants of the appointment of such successor securities depository and transfer one or more separate Certificates to such successor securities depository or (ii) notify DTC and DTC Participants of the availability through DTC of Certificates and transfer one or more separate certificated Certificates to DTC Participants having Certificates credited to their DTC accounts. In such event, the Certificates shall no longer be restricted to being registered in the Registration Books in the name of Cede & Co., as nominee of DTC, but may be registered in the name of the successor securities depository, or its nominee, or in whatever name or names Registered Owners transferring or exchanging Certificates shall designate, in accordance with the provisions of this Ordinance.

(i) Payments to Cede & Co. Notwithstanding any other provision of this Ordinance to the contrary, so long as any Certificate is registered in the name of Cede & Co., as nominee of DTC, all payments with respect to principal of and interest on such Certificate and all notices with respect to such Certificate shall be made and given, respectively, in the manner provided in the representations letter of the Issuer to DTC.

(j) Cancellation of Initial Certificate. On the closing date, one initial Certificate representing the entire principal amount of the Certificates, payable in stated installments to the purchaser designated in Section 10 or its designee, executed by manual or facsimile signature of the Mayor (or in the Mayor's absence, by the Mayor Pro Tem), City Manager and City Secretary of the Issuer, approved by the Attorney General of Texas, and registered and manually signed by the Comptroller of Public Accounts of the State of Texas, will be delivered to such purchaser or its designee. Upon payment for the initial Certificate, the Paying Agent/Registrar shall cancel the initial Certificate and deliver to the Depository Trust Company on behalf of such purchaser one registered definitive Certificate for each year of maturity of the Certificates, in the aggregate principal amount of all of the Certificates for such maturity.

Section 4. FORM OF CERTIFICATES. The form of the Certificates, including the form of Paying Agent/Registrar's Authentication Certificate, the form of Assignment and the form of Registration Certificate of the Comptroller of Public Accounts of the State of Texas to be attached to the Certificates initially issued and delivered pursuant to this Ordinance, shall be substantially in the form provided in Exhibit A, with such appropriate variations, omissions or insertions as are permitted or required by this Ordinance. Exhibit A is incorporated in this Ordinance for all purposes.

Section 5. INTEREST AND SINKING FUND; SURPLUS REVENUES.

(a) A special "Interest and Sinking Fund" is hereby created and shall be established and maintained by the Issuer as a separate fund or account and the funds therein shall be deposited into and held at an official depository bank of said Issuer. Said Interest and Sinking Fund shall be kept separate and apart from all other funds and accounts of said Issuer and shall be used only for paying the interest on and principal of said Certificates. Any amounts received from the sale of the Certificates as accrued interest shall be deposited upon receipt to the Interest and Sinking Fund, and all ad valorem taxes levied and collected for and on account of said Certificates shall be deposited, as collected, to the credit of said Interest and Sinking Fund. During each year while any of said Certificates are outstanding and unpaid, the governing body of said Issuer shall compute and ascertain a rate and amount of ad valorem tax that will be sufficient to raise and produce the money required to pay the interest on said Certificates as such interest comes due, and to provide and maintain a sinking fund adequate to pay the principal of said Certificates as such principal matures (but never less than 2% of the original amount of said Certificates as a sinking fund each year); and said tax shall be based on the latest approved tax rolls of said Issuer, with full allowances being made for tax delinquencies and the cost of tax collection. Said rate and amount of ad valorem tax is hereby levied, and is hereby ordered to be levied, against all taxable property in said Issuer, for each year while any of said Certificates are outstanding and unpaid, and said tax shall be assessed and collected each such year and deposited to the credit of the aforesaid Interest and Sinking Fund. Said ad valorem taxes sufficient to provide for the payment of the interest on and principal of said Certificates, as such interest comes due and such principal matures, are hereby pledged for such payment, within the limit prescribed by law.

(b) The Certificates are additionally secured by revenues of the Issuer's waterworks and sewer system that remain after the payment of all maintenance and operation expenses thereof, and all debt service, reserve and other requirements in connection with all of the Issuer's revenue obligations (now or hereafter outstanding) that are secured by a lien on all or any part of the net revenues of the Issuer's

waterworks and sewer system, constituting "Surplus Revenues." The Issuer shall deposit such Surplus Revenues to the credit of the Interest and Sinking Fund created pursuant to this Section, to the extent necessary to pay the principal and interest on the Certificates. Notwithstanding the requirements of Section 5(a), if Surplus Revenues or other lawfully available moneys of the Issuer are actually on deposit or budgeted to be on deposit in the Interest and Sinking Fund in advance of the time when ad valorem taxes are scheduled to be levied for any year, then the amount of taxes that otherwise would have been required to be levied pursuant to this Section may be reduced to the extent and by the amount of the Surplus Revenues or other lawfully available funds then on deposit in the Interest and Sinking Fund.

(c) Chapter 1208, Government Code, applies to the issuance of the Certificates and the pledge of the taxes and Surplus Revenues granted by the Issuer under this Section, and is therefore valid, effective, and perfected. Should Texas law be amended at any time while the Certificates are outstanding and unpaid, the result of such amendment being that the pledge of the taxes and Surplus Revenues granted by the Issuer under this Section is to be subject to the filing requirements of Chapter 9, Texas Business & Commerce Code, in order to preserve to the registered owners of the Certificates a security interest in said pledge, the Issuer agrees to take such measures as it determines are reasonable and necessary under Texas law to comply with the applicable provisions of Chapter 9, Texas Business & Commerce Code and enable a filing of a security interest in said pledge to occur.

Section 6. DEFEASANCE OF CERTIFICATES.

(a) Any Certificate and the interest thereon shall be deemed to be paid, retired and no longer outstanding (a "Defeased Certificate") within the meaning of this Ordinance, except to the extent provided in subsection (d) of this Section, when payment of the principal of such Certificate, plus interest thereon to the due date (whether such due date be by reason of maturity or otherwise) either (i) shall have been made or caused to be made in accordance with the terms thereof, or (ii) shall have been provided for on or before such due date by irrevocably depositing with or making available to the Paying Agent/Registrar in accordance with an escrow agreement or other instrument (the "Future Escrow Agreement") for such payment (1) lawful money of the United States of America sufficient to make such payment or (2) Defeasance Securities that mature as to principal and interest in such amounts and at such times as will insure the availability, without reinvestment, of sufficient money to provide for such payment, and when proper arrangements have been made by the Issuer with the Paying Agent/Registrar for the payment of its services until all Defeased Certificates shall have become due and payable. When a Certificate shall be deemed to be a Defeased Certificate hereunder, as aforesaid, such Certificate and the interest thereon shall no longer be secured by, payable from, or entitled to the benefits of, the ad valorem taxes herein levied and pledged or the pledge of Surplus Revenues as provided in this Ordinance, and such principal and interest shall be payable solely from such money or Defeasance Securities.

(b) Any moneys so deposited with the Paying Agent/Registrar may at the written direction of the Issuer be invested in Defeasance Securities, maturing in the amounts and times as hereinbefore set forth, and all income from such Defeasance Securities received by the Paying Agent/Registrar that is not required for the payment of the Certificates and interest thereon, with respect to which such money has been so deposited, shall be turned over to the Issuer, or deposited as directed in writing by the Issuer. Any Future Escrow Agreement pursuant to which the money and/or Defeasance Securities are held for the payment of Defeased Certificates may contain provisions permitting the investment or reinvestment of such moneys in Defeasance Securities or the substitution of other Defeasance Securities upon the satisfaction of the requirements specified in subsection 6(a)(i) or (ii). All income from such Defeasance Securities received by the Paying Agent/Registrar which is not required for the payment of the Defeased Certificates, with respect to which such money has been so deposited, shall be remitted to the Issuer or deposited as directed in writing by the Issuer.

(c) The term "Defeasance Securities" means any securities and obligations now or hereafter authorized by State law that are eligible to refund, retire or otherwise discharge obligations such as the Certificates.

(d) Until all Defeased Certificates shall have become due and payable, the Paying Agent/Registrar shall perform the services of Paying Agent/Registrar for such Defeased Certificates the same as if they had not been defeased, and the Issuer shall make proper arrangements to provide and pay for such services as required by this Ordinance.

(e) In the event that the Issuer elects to defease less than all of the principal amount of Certificates of a maturity, the Paying Agent/Registrar shall select, or cause to be selected, such amount of Certificates by such random method as it deems fair and appropriate.

Section 7. DAMAGED, MUTILATED, LOST, STOLEN, OR DESTROYED CERTIFICATES.

(a) Replacement Certificates. In the event any outstanding Certificate is damaged, mutilated, lost, stolen or destroyed, the Paying Agent/Registrar shall cause to be printed, executed and delivered, a new certificate of the same principal amount, maturity and interest rate, as the damaged, mutilated, lost, stolen or destroyed Certificate, in replacement for such Certificate in the manner hereinafter provided.

(b) Application for Replacement Certificates. Application for replacement of damaged, mutilated, lost, stolen or destroyed Certificates shall be made by the registered owner thereof to the Paying Agent/Registrar. In every case of loss, theft or destruction of a Certificate, the registered owner applying for a replacement certificate shall furnish to the Issuer and to the Paying Agent/Registrar such security or indemnity as may be required by them to save each of them harmless from any loss or damage with respect thereto. Also, in every case of loss, theft or destruction of a Certificate, the registered owner shall furnish to the Issuer and to the Paying Agent/Registrar evidence to their satisfaction of the loss, theft or destruction of such Certificate, as the case may be. In every case of damage or mutilation of a Certificate, the registered owner shall surrender to the Paying Agent/Registrar for cancellation the Certificate so damaged or mutilated.

(c) No Default Occurred. Notwithstanding the foregoing provisions of this Section, in the event any such Certificate shall have matured, and no default has occurred that is then continuing in the payment of the principal of or interest on the Certificate, the Issuer may authorize the payment of the same (without surrender thereof except in the case of a damaged or mutilated Certificate) instead of issuing a replacement Certificate, provided security or indemnity is furnished as above provided in this Section.

(d) Charge for Issuing Replacement Certificates. Prior to the issuance of any replacement certificate, the Paying Agent/Registrar shall charge the registered owner of such Certificate with all legal, printing, and other expenses in connection therewith. Every replacement certificate issued pursuant to the provisions of this Section by virtue of the fact that any Certificate is lost, stolen or destroyed shall constitute a contractual obligation of the Issuer whether or not the lost, stolen or destroyed Certificate shall be found at any time, or be enforceable by anyone, and shall be entitled to all the benefits of this Ordinance equally and proportionately with any and all other Certificates duly issued under this Ordinance.

(e) Authority for Issuing Replacement Certificates. In accordance with Sec. 1206.022, Government Code, this Section 7 of this Ordinance shall constitute authority for the issuance of any such replacement certificate without necessity of further action by the governing body of the Issuer or any other body or person, and the duty of the replacement of such certificates is hereby authorized and imposed upon the Paying Agent/Registrar, and the Paying Agent/Registrar shall authenticate and deliver such Certificates

in the form and manner and with the effect, as provided in Section 3(a) of this Ordinance for Certificates issued in conversion and exchange for other Certificates.

Section 8. CUSTODY, APPROVAL, AND REGISTRATION OF CERTIFICATES; BOND COUNSEL'S OPINION; CUSIP NUMBERS AND APPROVAL OF BOND INSURANCE; ENGAGEMENT OF BOND COUNSEL.

(a) The Mayor of the Issuer is hereby authorized to have control of the Certificates initially issued and delivered hereunder and all necessary records and proceedings pertaining to the Certificates pending their delivery and their investigation, examination, and approval by the Attorney General of the State of Texas, and their registration by the Comptroller of Public Accounts of the State of Texas. Upon registration of the Certificates said Comptroller of Public Accounts (or a deputy designated in writing to act for said Comptroller) shall manually sign the Comptroller's Registration Certificate attached to such Certificates, and the seal of said Comptroller shall be impressed, or placed in facsimile, on such Certificate. The approving legal opinion of the Issuer's Bond Counsel and the assigned CUSIP numbers may, at the option of the Issuer, be printed on the Certificates issued and delivered under this Ordinance, but neither shall have any legal effect, and shall be solely for the convenience and information of the registered owners of the Certificates.

(b) The obligation of the initial purchaser to accept delivery of the Certificates is subject to the initial purchaser being furnished with the final, approving opinion of McCall, Parkhurst & Horton L.L.P., bond counsel to the Issuer, which opinion shall be dated as of and delivered on the date of initial delivery of the Certificates to the initial purchaser.

Section 9. COVENANTS REGARDING TAX EXEMPTION OF INTEREST ON THE CERTIFICATES.

(a) Covenants. The Issuer covenants to take any action necessary to assure, or refrain from any action that would adversely affect, the treatment of the Certificates as Obligation described in section 103 of the Code, the interest on which is not includable in the "gross income" of the holder for purposes of federal income taxation. In furtherance thereof, the Issuer covenants as follows:

(1) to take any action to assure that no more than 10 percent of the proceeds of the Certificates (less amounts deposited to a reserve fund, if any) are used for any "private business use," as defined in section 141(b)(6) of the Code or, if more than 10 percent of the proceeds or the projects financed therewith are so used, such amounts, whether or not received by the Issuer, with respect to such private business use, do not, under the terms of this Ordinance or any underlying arrangement, directly or indirectly, secure or provide for the payment of more than 10 percent of the debt service on the Certificates, in contravention of section 141(b)(2) of the Code;

(2) to take any action to assure that in the event that the "private business use" described in subsection (1) hereof exceeds 5 percent of the proceeds of the Certificates or the projects financed therewith (less amounts deposited into a reserve fund, if any) then the amount in excess of 5 percent is used for a "private business use" that is "related" and not "disproportionate," within the meaning of section 141(b)(3) of the Code, to the governmental use;

(3) to take any action to assure that no amount that is greater than the lesser of \$5,000,000, or 5 percent of the proceeds of the Certificates (less amounts deposited into a reserve fund, if any) is directly or indirectly used to finance loans to persons, other than state or local governmental units, in contravention of section 141(c) of the Code;

(4) to refrain from taking any action that would otherwise result in the Certificates being treated as "private activity bonds" within the meaning of section 141(b) of the Code;

(5) to refrain from taking any action that would result in the Certificates being "federally guaranteed" within the meaning of section 149(b) of the Code;

(6) to refrain from using any portion of the proceeds of the Certificates, directly or indirectly, to acquire or to replace funds that were used, directly or indirectly, to acquire investment property (as defined in section 148(b)(2) of the Code) that produces a materially higher yield over the term of the Certificates, other than investment property acquired with B

(A) proceeds of the Certificates invested for a reasonable temporary period of 3 years or less or, in the case of a refunding bond, for a period of 30 days or less until such proceeds are needed for the purpose for which the bonds are issued,

(B) amounts invested in a bona fide debt service fund, within the meaning of section 1.148-1(b) of the Treasury Regulations, and

(C) amounts deposited in any reasonably required reserve or replacement fund to the extent such amounts do not exceed 10 percent of the proceeds of the Certificates;

(7) to otherwise restrict the use of the proceeds of the Certificates or amounts treated as proceeds of the Certificates, as may be necessary, so that the Certificates do not otherwise contravene the requirements of section 148 of the Code (relating to arbitrage);

(8) to pay to the United States of America at least once during each five-year period (beginning on the date of delivery of the Certificates) an amount that is at least equal to 90 percent of the "Excess Earnings," within the meaning of section 148(f) of the Code and to pay to the United States of America, not later than 60 days after the Certificates have been paid in full, 100 percent of the amount then required to be paid as a result of Excess Earnings under section 148(f) of the Code; and

(9) to refrain from using the proceeds of the Certificates or proceeds of any prior bonds to pay debt service on another issue more than 90 days after the date of issue of the Bonds in contravention of the requirements of section 149(d) of the Code (relating to advance refundings).

(b) Rebate Fund. In order to facilitate compliance with the above covenant (a)(8), a "Rebate Fund" is hereby established by the Issuer for the sole benefit of the United States of America, and such Fund shall not be subject to the claim of any other person, including without limitation the certificateholders. The Rebate Fund is established for the additional purpose of compliance with section 148 of the Code.

(c) Use of Proceeds. For purposes of the foregoing covenants (a)(1) and (a)(2), the Issuer understands that the term "proceeds" includes "disposition proceeds" as defined in the Treasury Regulations and, in the case of refunding bonds, transferred proceeds (if any) and proceeds of the refunded bonds expended prior to the date of issuance of the Certificates. It is the understanding of the Issuer that the covenants contained herein are intended to assure compliance with the Code and any regulations or rulings promulgated by the U.S. Department of the Treasury pursuant thereto. In the event that regulations or rulings are hereafter promulgated that modify or expand provisions of the Code, as applicable to the Certificates, the Issuer will not be required to comply with any covenant contained herein to the extent that such failure to comply, in the opinion of nationally recognized bond counsel, will not adversely affect the

exemption from federal income taxation of interest on the Certificates under section 103 of the Code. In the event that regulations or rulings are hereafter promulgated that impose additional requirements applicable to the Certificates, the Issuer agrees to comply with the additional requirements to the extent necessary, in the opinion of nationally recognized bond counsel, to preserve the exemption from federal income taxation of interest on the Certificates under section 103 of the Code. In furtherance of such intention, the Issuer hereby authorizes and directs the Mayor, City Manager and City Secretary to execute any documents, certificates or reports required by the Code and to make such elections, on behalf of the Issuer, that may be permitted by the Code as are consistent with the purpose for the issuance of the Certificates.

(d) Allocation of, and Limitation on, Expenditures for the Project. The Issuer covenants to account for the expenditure of sale proceeds and investment earnings to be used for the construction and acquisition of the Project on its books and records by allocating proceeds to expenditures within 18 months of the later of the date that (1) the expenditure is made, or (2) the Project is completed. The foregoing notwithstanding, the Issuer shall not expend proceeds of the sale of the Certificates or investment earnings thereon more than 60 days after the earlier of (1) the fifth anniversary of the delivery of the Certificates, or (2) the date the Certificates are retired, unless the Issuer obtains an opinion of nationally-recognized bond counsel that such expenditure will not adversely affect the status, for federal income tax purposes, of the Certificates or the interest thereon. For purposes hereof, the Issuer shall not be obligated to comply with this covenant if it obtains an opinion that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest.

(e) Disposition of Project. The Issuer covenants that the Projects will not be sold or otherwise disposed in a transaction resulting in the receipt by the Issuer of cash or other compensation, unless any action taken in connection with such disposition will not adversely affect the tax-exempt status of the Certificates. For purposes of the foregoing, the Issuer may rely on an opinion of nationally-recognized bond counsel that the action taken in connection with such sale or other disposition will not adversely affect the tax-exempt status of the Certificates. For purposes of the foregoing, the portion of the property comprising personal property and disposed in the ordinary course shall not be treated as a transaction resulting in the receipt of cash or other compensation. For purposes hereof, the Issuer shall not be obligated to comply with this covenant if it obtains a legal opinion that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest.

(f) Procedures to Monitor Compliance with Tax Covenants. The City hereby adopts the procedures attached hereto as **Exhibit B** as a means of monitoring compliance with the federal tax covenants made herein.

Section 10. SALE OF CERTIFICATES AND APPROVAL OF OFFICIAL STATEMENT; FURTHER PROCEDURES; APPLICATION OF PREMIUM FROM SALE OF CERTIFICATES.

(a) The Certificates are hereby sold and shall be delivered to [] (the "*Underwriter*") for the purchase price of \$[] representing the aggregate principal amount of the Certificates, plus an aggregate reoffering premium of \$[] less an underwriter's discount of \$[], pursuant to the terms and provisions of a Notice of Sale and Bid Form, in substantially the form presented at this meeting, which the Mayor or Mayor Pro Tem is hereby authorized to execute and deliver. It is hereby officially found, determined, and declared that the terms of this sale are the most advantageous reasonably obtainable. The Initial Certificate shall be registered in the name of the [].

(b) The Issuer hereby approves the form and content of the Official Statement relating to the Certificates and any addenda, supplement or amendment thereto, and approves the distribution of such Official Statement in the reoffering of the Certificates by the Purchaser in final form, with such changes

therein or additions thereto as the officer executing the same may deem advisable, such determination to be conclusively evidenced by his execution thereof. The distribution and use of the Preliminary Official Statement, prior to the date hereof is hereby ratified and confirmed.

(c) The Mayor, Mayor Pro Tem, City Manager, Finance Administrator, and City Secretary shall be and they are hereby expressly authorized, empowered and directed from time to time and at any time to do and perform all such acts and things and to execute, acknowledge and deliver in the name and under the corporate seal and on behalf of the Issuer a Paying Agent/Registrar Agreement with the Paying Agent/Registrar and all other instruments, whether or not herein mentioned, as may be necessary or desirable in order to carry out the terms and provisions of this Ordinance, the Certificates, the sale of the Certificates and the Official Statement. In case any officer whose signature shall appear on any Certificate shall cease to be such officer before the delivery of such Certificate, such signature shall nevertheless be valid and sufficient for all purposes the same as if such officer had remained in office until such delivery.

(d) The Certificates have an aggregate premium of \$[] and which shall be allocated as follows:

- (i) the amount of \$[] shall be applied to pay costs of issuance of the Certificates;
- (ii) the amount of \$[] shall be deposited into the Construction Fund established by Section 12 of this Ordinance;
- (iii) the amount of \$[] shall be applied to pay the underwriting spread; and
- (iv) excess premium in the amount of \$[] shall be deposited to the Interest and Sinking Fund.

Section 11. INTEREST EARNINGS ON CERTIFICATE PROCEEDS. Interest earnings derived from the investment of proceeds from the sale of the Certificates shall be used along with other certificate proceeds for the Project; provided that after completion of such purpose, if any of such interest earnings remain on hand, such interest earnings shall be deposited in the Interest and Sinking Fund. It is further provided, however, that any interest earnings on certificate proceeds that are required to be rebated to the United States of America pursuant to Section 9 hereof in order to prevent the Certificates from being arbitrage bonds shall be so rebated and not considered as interest earnings for the purposes of this Section.

Section 12. CONSTRUCTION FUND.

(a) The Issuer hereby creates and establishes and shall maintain on the books of the Issuer a separate fund to be entitled the "Series 2024A Certificate of Obligation Construction Fund" for use by the Issuer for payment of all lawful costs associated with the Project as hereinbefore provided. Proceeds of the Certificates in the amount of \$[] shall be deposited into the Construction Fund, other than amounts paid at closing for issuance costs. Upon payment of all such Project costs, any moneys remaining on deposit in said Fund shall be transferred to the Interest and Sinking Fund. Amounts so deposited to the Interest and Sinking Fund shall be used in the manner described in Section 5 of this Ordinance.

(b) The Issuer may place proceeds of the Certificates (including investment earnings thereon) and amounts deposited into the Interest and Sinking Fund in investments authorized by the Public Funds Investment Act, Chapter 2256, Texas Government Code, as amended; provided, however, that the Issuer hereby covenants that the proceeds of the sale of the Certificates will be used as soon as practicable for the purposes for which the Certificates are issued.

(c) All deposits authorized or required by this Ordinance shall be secured to the fullest extent required by law for the security of public funds.

Section 13. COMPLIANCE WITH RULE 15c2-12.

(a) Definitions. That as used in this Section, the following terms have the meanings ascribed to such terms below:

“Financial Obligation” means a: (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) a guarantee of the foregoing (a) and (b). The term Financial Obligation does not include any municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

"MSRB" means the Municipal Securities Rulemaking Board.

"Rule" means SEC Rule 15c2-12, as amended from time to time.

"SEC" means the United States Securities and Exchange Commission.

(b) Annual Reports.

(i) The Issuer shall provide annually to the MSRB, in the electronic format prescribed by the MSRB certain updated financial information and operating data pertaining to the Issuer, being the following: (i) the Issuer's annual financial audit report; and (ii) the information found in Tables 1-4, 11-15 and 19-20 in Appendix A in the Official Statement for the Certificates. The Issuer will update and provide the information in Tables 1-4, 11-15 and 19-20 in Appendix A in the Official Statement within six months after the end of each fiscal year ending in and after 2024. The Issuer will additionally provide its annual financial audit report when and if available, and in any event, within 12 months after the end of each fiscal year ending in or after 2024. If the annual financial audit report is not complete within 12 months after any such fiscal year end, then the Issuer will file unaudited financial statements within such 12-month period and audited financial statements for the applicable fiscal year, when and if the audit report on such statements becomes available.

(ii) Any financial information so to be provided shall be (i) prepared in accordance with the accounting principles described in the financial statements of the Issuer appended to the Official Statement, or such other accounting principles as the Issuer may be required to employ from time to time pursuant to state law or regulation, and (ii) audited, if the Issuer commissions an audit of such statements and the audit is completed within the period during which they must be provided.

(iii) If the Issuer changes its fiscal year, it will notify the MSRB of the change (and of the date of the new fiscal year end) prior to the next date by which the Issuer otherwise would be required to provide financial information and operating data pursuant to this Section. The financial information and operating data to be provided pursuant to this Section may be set forth in full in one or more documents or may be included by specific reference to any document that is available to the public on the MSRB's internet website or filed with the SEC. All documents provided to the MSRB pursuant to this Section shall be accompanied by identifying information as prescribed by the MSRB.

(c) Event Notices. The Issuer shall notify the MSRB in an electronic format as prescribed by the MSRB, in a timely manner (but not in excess of ten business days after the occurrence of the event) of any of the following events with respect to the Certificates:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions or the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Certificates, or other material events affecting the tax status of the Certificates;
7. Modifications to rights of Certificateholders, if material;
8. Certificate calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution, or sale of property securing repayment of the Certificates, if material;
11. Rating changes;
12. Bankruptcy, insolvency, receivership or similar event of an obligated person (which is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the Issuer in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer);
13. The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material.
15. Incurrence of a Financial Obligation of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the City, any of which affect Bondholders, if material;
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the City, any of which reflect financial difficulties.

The Issuer shall notify the MSRB, in a timely manner, of any failure by the Issuer to provide financial information or operating data in accordance with subsection (b) of this Section by the time required by such subsection.

(d) Limitations, Disclaimers, and Amendments.

(i) The Issuer shall be obligated to observe and perform the covenants specified in this Section for so long as, but only for so long as, the Issuer remains an "obligated person" with respect to the Certificates within the meaning of the Rule, except that the Issuer in any event will give notice of any deposit made in accordance with this Ordinance or applicable law that causes Certificates no longer to be outstanding.

(ii) The provisions of this Section are for the sole benefit of the registered owners and beneficial owners of the Certificates, and nothing in this Section, express or implied, shall give any benefit or any legal or equitable right, remedy, or claim hereunder to any other person. The Issuer undertakes to provide only the financial information, operating data, financial statements, and notices which it has expressly agreed to provide pursuant to this Section and does not hereby undertake to provide any other information that may be relevant or material to a complete presentation of the Issuer's financial results, condition, or prospects or hereby undertake to update any information provided in accordance with this Section or otherwise, except as expressly provided herein. The Issuer does not make any representation or warranty concerning such information or its usefulness to a decision to invest in or sell Certificates at any future date.

(iii) UNDER NO CIRCUMSTANCES SHALL THE ISSUER BE LIABLE TO THE REGISTERED OWNER OR BENEFICIAL OWNER OF ANY CERTIFICATE OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY THE ISSUER, WHETHER NEGLIGENT OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS SECTION, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR MANDAMUS OR SPECIFIC PERFORMANCE.

(iv) No default by the Issuer in observing or performing its obligations under this Section shall comprise a breach of or default under this Ordinance for purposes of any other provision of this Ordinance. Nothing in this Section is intended or shall act to disclaim, waive, or otherwise limit the duties of the Issuer under federal and state securities laws.

(v) Should the Rule be amended to obligate the Issuer to make filings with or provide notices to entities other than the MSRB, the Issuer hereby agrees to undertake such obligation with respect to the Certificates in accordance with the Rule as amended. The provisions of this Section may be amended by the Issuer from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the Issuer, but only if (1) the provisions of this Section, as so amended, would have permitted an underwriter to purchase or sell Certificates in the primary offering of the Certificates in compliance with the Rule, taking into account any amendments or interpretations of the Rule since such offering as well as such changed circumstances and (2) either (a) the registered owners of a majority in aggregate principal amount (or any greater amount required by any other provision of this Ordinance that authorizes such an amendment) of the outstanding Certificates consent to such amendment or (b) a person that is unaffiliated with the Issuer (such as nationally recognized bond counsel) determined that such amendment will not materially impair the interest of the registered owners and beneficial owners of the Certificates. If the Issuer so amends the provisions of this Section, it shall include with any amended financial information or operating data next provided in accordance with subsection (b) of this Section an explanation, in narrative form, of the reason for the amendment and of the impact of any change in the type of financial information or operating data so provided. The Issuer may also amend or repeal the provisions of this continuing

disclosure agreement if the SEC amends or repeals the applicable provision of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Certificates in the primary offering of the Certificates.

Section 14. METHOD OF AMENDMENT. The Issuer hereby reserves the right to amend this Ordinance subject to the following terms and conditions, to-wit:

(a) The Issuer may from time to time, without the consent of any holder, except as otherwise required by paragraph (b) below, amend or supplement this Ordinance in order to (i) cure any ambiguity, defect or omission in this Ordinance that does not materially adversely affect the interests of the holders, (ii) grant additional rights or security for the benefit of the holders, (iii) add events of default as shall not be inconsistent with the provisions of this Ordinance and that shall not materially adversely affect the interests of the holders, (iv) qualify this Ordinance under the Trust Indenture Act of 1939, as amended, or corresponding provisions of federal laws from time to time in effect, or (v) make such other provisions in regard to matters or questions arising under this Ordinance as shall not be inconsistent with the provisions of this Ordinance and that shall not in the opinion of the Issuer's Bond Counsel materially adversely affect the interests of the holders.

(b) Except as provided in paragraph (a) above, the holders of Certificates aggregating in principal amount 51% of the aggregate principal amount of then outstanding Certificates that are the subject of a proposed amendment shall have the right from time to time to approve any amendment hereto that may be deemed necessary or desirable by the Issuer; provided, however, that without the consent of 100% of the holders in aggregate principal amount of the then outstanding Certificates, nothing herein contained shall permit or be construed to permit amendment of the terms and conditions of this Ordinance or in any of the Certificates so as to:

- (1) Make any change in the maturity of any of the outstanding Certificates;
- (2) Reduce the rate of interest borne by any of the outstanding Certificates;
- (3) Reduce the amount of the principal payable on any outstanding Certificates;
- (4) Modify the terms of payment of principal or of interest on outstanding Certificates or any of them or impose any condition with respect to such payment; or
- (5) Change the minimum percentage of the principal amount of any series of Certificates necessary for consent to such amendment.

(c) If at any time the Issuer shall desire to amend this Ordinance under subsection (b) of this Section, the Issuer shall send by U.S. mail to each registered owner of the affected Certificates a copy of the proposed amendment and cause notice of the proposed amendment to be published at least once in a financial publication published in The City of New York, New York or in the State of Texas. Such published notice shall briefly set forth the nature of the proposed amendment and shall state that a copy thereof is on file at the office of the Issuer for inspection by all holders of such Certificates.

(d) Whenever at any time within one year from the date of publication of such notice the Issuer shall receive an instrument or instruments executed by the holders of at least 51% in aggregate principal amount of all of the Certificates then outstanding that are required for the amendment, which instrument or instruments shall refer to the proposed amendment and that shall specifically consent to and approve such amendment, the Issuer may adopt the amendment in substantially the same form.

(e) Upon the adoption of any amendatory Ordinance pursuant to the provisions of this Section, this Ordinance shall be deemed to be modified and amended in accordance with such amendatory Ordinance, and the respective rights, duties, and obligations of the Issuer and all holders of such affected Certificates shall thereafter be determined, exercised, and enforced, subject in all respects to such amendment.

(f) Any consent given by the holder of a Certificate pursuant to the provisions of this Section shall be irrevocable for a period of six months from the date of the publication of the notice provided for in this Section, and shall be conclusive and binding upon all future holders of the same Certificate during such period. Such consent may be revoked at any time after six months from the date of the publication of said notice by the holder who gave such consent, or by a successor in title, by filing notice with the Issuer, but such revocation shall not be effective if the holders of 51% in aggregate principal amount of the affected Certificates then outstanding, have, prior to the attempted revocation, consented to and approved the amendment.

(g) For the purposes of establishing ownership of the Certificates, the Issuer shall rely solely upon the registration of the ownership of such Certificates on the registration books kept by the Paying Agent/Registrar.

Section 15. DEFAULT AND REMEDIES

(a) Events of Default. Each of the following occurrences or events for the purpose of this Ordinance is hereby declared to be an Event of Default:

(i) the failure to make payment of the principal of or interest on any of the Certificates when the same becomes due and payable; or

(ii) default in the performance or observance of any other covenant, agreement or obligation of the City, the failure to perform which materially, adversely affects the rights of the registered owners of the Certificates, including, but not limited to, their prospect or ability to be repaid in accordance with this Ordinance, and the continuation thereof for a period of 60 days after notice of such default is given by any Registered Owner to the City.

(b) Remedies for Default.

(i) Upon the happening of any Event of Default, then and in every case, any Registered Owner or an authorized representative thereof, including, but not limited to, a trustee or trustees therefor, may proceed against the City for the purpose of protecting and enforcing the rights of the Registered Owners under this Ordinance, by mandamus or other suit, action or special proceeding in equity or at law, in any court of competent jurisdiction, for any relief permitted by law, including the specific performance of any covenant or agreement contained herein, or thereby to enjoin any act or thing that may be unlawful or in violation of any right of the Registered Owners hereunder or any combination of such remedies.

(ii) It is provided that all such proceedings shall be instituted and maintained for the equal benefit of all Registered Owners of Certificates then outstanding.

(c) Remedies Not Exclusive.

(i) No remedy herein conferred or reserved is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or under the Certificates or now or hereafter existing at law or in equity; provided, however, that notwithstanding any other provision of this Ordinance, the right to accelerate the debt evidenced by the Certificates shall not be available as a remedy under this Ordinance.

(ii) The exercise of any remedy herein conferred or reserved shall not be deemed a waiver of any other available remedy.

(iii) By accepting the delivery of a Certificate authorized under this Ordinance, such Registered Owner agrees that the certifications required to effectuate any covenants or representations contained in this Ordinance do not and shall never constitute or give rise to a personal or pecuniary liability or charge against the officers, employees or trustees of the City or the City Council.

Section 16. EFFECTIVE DATE. In accordance with the provisions of Texas Government Code, Section 1201.028, this Ordinance shall be effective immediately upon its adoption by the City Council.

Section 17. APPROPRIATION. To pay the debt service coming due on the Certificates prior to receipt of the taxes levied to pay such debt service, there is hereby appropriated from current funds on hand, which are hereby certified to be on hand and available for such purpose, an amount sufficient to pay such debt service, and such amount shall be used for no other purpose.

Section 18. SEVERABILITY. If any section, article, paragraph, sentence, clause, phrase or word in this Ordinance, or application thereof to any persons or circumstances is held invalid or unconstitutional by a court of competent jurisdiction, such holding shall not affect the validity of the remaining portion of this Ordinance, despite such invalidity, which remaining portions shall remain in full force and effect.

EXHIBIT A

FORM OF CERTIFICATES.

(a) The form of the Certificates, including the form of Paying Agent/Registrar's Authentication Certificate, the form of Assignment and the form of Registration Certificate of the Comptroller of Public Accounts of the State of Texas to be attached to the Certificates initially issued and delivered pursuant to this Ordinance, shall be, respectively, substantially as follows, with such appropriate variations, omissions or insertions as are permitted or required by this Ordinance.

NO. R-__	UNITED STATES OF AMERICA STATE OF TEXAS CITY OF ROANOKE, TEXAS COMBINATION TAX AND REVENUE CERTIFICATE OF OBLIGATION SERIES 2024A	PRINCIPAL AMOUNT \$ _____
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<u>INTEREST RATE</u>	<u>DELIVERY DATE</u> October 15, 2024	<u>MATURITY DATE</u> August 15, _____	<u>CUSIP NO.</u>
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REGISTERED OWNER:

PRINCIPAL AMOUNT:

ON THE MATURITY DATE specified above, the City of Roanoke, in Denton and Tarrant Counties, Texas (the "Issuer"), being a political subdivision and municipal corporation of the State of Texas, hereby promises to pay to the Registered Owner specified above, or registered assigns (hereinafter called the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above. The Issuer promises to pay interest on the unpaid principal amount hereof (calculated on the basis of a 360-day year of twelve 30-day months) from the Delivery Date above at the Interest Rate per annum specified above. Interest is payable on February 15 and August 15 of each year, commencing February 15, 2025, to the Maturity Date specified above or the date of redemption prior to maturity; except, if this Certificate is required to be authenticated and the date of its authentication is later than the first Record Date (hereinafter defined), such Principal Amount shall bear interest from the interest payment date next preceding the date of authentication, unless such date of authentication is after any Record Date but on or before the next following interest payment date, in which case such principal amount shall bear interest from such next following interest payment date; provided, however, that if on the date of authentication hereof the interest on the Certificate or Certificates, if any, for which this Certificate is being exchanged is due but has not been paid, then this Certificate shall bear interest from the date to which such interest has been paid in full.

THE PRINCIPAL OF AND INTEREST ON this Certificate are payable in lawful money of the United States of America, without exchange or collection charges. The principal of this Certificate shall be paid to the registered owner hereof upon presentation and surrender of this Certificate at maturity, or upon the date fixed for its redemption prior to maturity, at the principal corporate trust office of U.S. Bank Trust Company National Association, Dallas, Texas, which is the "Paying Agent/Registrar" for this Certificate. The payment of interest on this Certificate shall be made by the Paying Agent/Registrar to the registered owner hereof on each interest payment date by check or draft, dated as of such interest payment date, drawn by the Paying Agent/Registrar on, and payable solely from, funds of the Issuer required by the ordinance authorizing the issuance of this Certificate (the "Certificate Ordinance") to be on deposit with the

Paying Agent/Registrar for such purpose as hereinafter provided; and such check or draft shall be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid, on each such interest payment date, to the registered owner hereof, at its address as it appeared on the last business day of the month preceding each such date (the "Record Date") on the Registration Books kept by the Paying Agent/Registrar, as hereinafter described. In addition, interest may be paid by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the registered owner. In the event of a non-payment of interest on a scheduled payment date, and for 30 days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the Issuer. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which shall be 15 days after the Special Record Date) shall be sent at least five business days prior to the Special Record Date by United States mail, first-class postage prepaid, to the address of each owner of a Certificate appearing on the Registration Books at the close of business on the last business day next preceding the date of mailing of such notice.

ANY ACCRUED INTEREST due at maturity or upon the redemption of this Certificate prior to maturity as provided herein shall be paid to the registered owner upon presentation and surrender of this Certificate for redemption and payment at the principal corporate trust office of the Paying Agent/Registrar. The Issuer covenants with the registered owner of this Certificate that on or before each principal payment date, interest payment date, and accrued interest payment date for this Certificate it will make available to the Paying Agent/Registrar, from the "Interest and Sinking Fund" created by the Certificate Ordinance, the amounts required to provide for the payment, in immediately available funds, of all principal of and interest on the Certificates, when due.

IF THE DATE for the payment of the principal of or interest on this Certificate shall be a Saturday, Sunday, a legal holiday or a day on which banking institutions in the city where the principal corporate trust office of the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day that is not such a Saturday, Sunday, legal holiday or day on which banking institutions are authorized to close; and payment on such date shall have the same force and effect as if made on the original date payment was due.

THIS CERTIFICATE is one of a series of Certificates dated October 15, 2024, authorized in accordance with the Constitution and laws of the State of Texas in the principal amount of \$[par] for paying all or a portion of the Issuer's contractual obligations incurred in connection with: (1) constructing and improving streets and roads including related drainage, landscaping, signalization, lighting, pedestrian improvements and signage related thereto; (2) constructing a new police and courts facility and related parking for such facility and (3) paying fees for legal, fiscal, engineering, architectural and other professional services in connection with these projects (collectively, the "Project").

ON AUGUST 15, 2033 or any date thereafter, the Certificates of this series may be redeemed prior to their scheduled maturities, at the option of the Issuer, with funds derived from any available and lawful source, as a whole, or in part, and, if in part, the particular Certificates, or portions thereof, to be redeemed shall be selected and designated by the Issuer (provided that a portion of a Certificate may be redeemed only in an integral multiple of \$5,000), at a redemption price equal to the principal amount to be redeemed plus accrued interest to the date fixed for redemption.

THE CERTIFICATES scheduled to mature on August 15, 20[] (the "*Term Certificates*") are subject to scheduled mandatory redemption by the Paying Agent/Registrar by lot, or by any other customary method that results in a random selection, at a price equal to the principal amount thereof, plus accrued interest to the redemption date, out of moneys available for such purpose in the interest and sinking fund

for the Certificates, on each August 15 of the years and in the respective principal amounts, set forth in the following schedule:

Term Certificates due August 15, 20:

Mandatory Redemption Date: 8/15/20	Principal Amount: \$,000.00
Mandatory Redemption Date: 8/15/20	Principal Amount: \$,000.00
Mandatory Redemption Date: 8/15/20*	Principal Amount: \$,000.00

* Maturity

The principal amount of Term Certificates of a stated maturity required to be redeemed on any mandatory redemption date pursuant to the operation of the mandatory sinking fund redemption provisions shall be reduced, at the option of the Issuer, by the principal amount of any Term Certificates of the same maturity which, at least 50 days prior to a mandatory redemption date (1) shall have been acquired by the Issuer at a price not exceeding the principal amount of such Term Certificates plus accrued interest to the date of purchase thereof, and delivered to the Paying Agent/Registrar for cancellation, (2) shall have been purchased and canceled by the Paying Agent/Registrar at the request of the Issuer at a price not exceeding the principal amount of such Term Certificates plus accrued interest to the date of purchase, or (3) shall have been redeemed pursuant to the optional redemption provisions and not theretofore credited against a mandatory redemption requirement.

AT LEAST THIRTY days prior to the date fixed for any redemption of Certificates or portions thereof prior to maturity a written notice of such redemption shall be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid to the registered owner of each Certificate to be redeemed at its address as it appeared on the 45th day prior to such redemption date; provided, however, that the failure of the registered owner to receive such notice, or any defect therein or in the sending or mailing thereof, shall not affect the validity or effectiveness of the proceedings for the redemption of any Certificate. By the date fixed for any such redemption due provision shall be made with the Paying Agent/Registrar for the payment of the required redemption price for the Certificates or portions thereof that are to be so redeemed. If such written notice of redemption is sent and if due provision for such payment is made, all as provided above, the Certificates or portions thereof that are to be so redeemed thereby automatically shall be treated as redeemed prior to their scheduled maturities, and they shall not bear interest after the date fixed for redemption, and they shall not be regarded as being outstanding except for the right of the registered owner to receive the redemption price from the Paying Agent/Registrar out of the funds provided for such payment. If a portion of any Certificate shall be redeemed, a substitute Certificate or Certificates having the same maturity date, bearing interest at the same rate, in any denomination or denominations in any integral multiple of \$5,000, at the written request of the registered owner, and in aggregate principal amount equal to the unredeemed portion thereof, will be issued to the registered owner upon the surrender thereof for cancellation, at the expense of the Issuer, all as provided in the Certificate Ordinance.

IF AT THE TIME OF MAILING OF NOTICE OF REDEMPTION there shall not have either been deposited with the Paying Agent/Registrar or legally authorized escrow agent immediately available funds sufficient to redeem all the Certificates called for redemption, such notice may state that it is conditional, and is subject to the deposit of the redemption moneys with the Paying Agent/Registrar or legally authorized escrow agent at or prior to the redemption date, and such notice shall be of no effect unless such moneys are so deposited on or prior to the redemption date. If such redemption is not effectuated, the Paying Agent/Registrar shall, within five days thereafter, give notice in the way the notice of redemption was given that such money was not so received and shall rescind the redemption.

ALL CERTIFICATES OF THIS SERIES are issuable solely as fully registered certificates, without interest coupons, in the principal denomination of any integral multiple of \$5,000. As provided in the

Certificate Ordinance, this Certificate may, at the request of the registered owner or the assignee or assignees hereof, be assigned, transferred, converted into and exchanged for a like aggregate principal amount of fully registered certificates, without interest coupons, payable to the appropriate registered owner, assignee or assignees, as the case may be, having the same denomination or denominations in any integral multiple of \$5,000 as requested in writing by the appropriate registered owner, assignee or assignees, as the case may be, upon surrender of this Certificate to the Paying Agent/Registrar for cancellation, all in accordance with the form and procedures set forth in the Certificate Ordinance. Among other requirements for such assignment and transfer, this Certificate must be presented and surrendered to the Paying Agent/Registrar, together with proper instruments of assignment, in form and with guarantee of signatures satisfactory to the Paying Agent/Registrar, evidencing assignment of this Certificate or any portion or portions hereof in any integral multiple of \$5,000 to the assignee or assignees in whose name or names this Certificate or any such portion or portions hereof is or are to be registered. The form of Assignment printed or endorsed on this Certificate may be executed by the registered owner to evidence the assignment hereof, but such method is not exclusive, and other instruments of assignment satisfactory to the Paying Agent/Registrar may be used to evidence the assignment of this Certificate or any portion or portions hereof from time to time by the registered owner. The Paying Agent/Registrar's reasonable standard or customary fees and charges for assigning, transferring, converting and exchanging any Certificate or portion thereof will be paid by the Issuer. In any circumstance, any taxes or governmental charges required to be paid with respect thereto shall be paid by the one requesting such assignment, transfer, conversion or exchange, as a condition precedent to the exercise of such privilege. The Paying Agent/Registrar shall not be required to make any such transfer, conversion, or exchange (i) during the period commencing with the close of business on any Record Date and ending with the opening of business on the next following principal or interest payment date or (ii) with respect to any Certificate or any portion thereof called for redemption prior to maturity, within 45 days prior to its redemption date

IN THE EVENT any Paying Agent/Registrar for the Certificates is changed by the Issuer, resigns, or otherwise ceases to act as such, the Issuer has covenanted in the Certificate Ordinance that it promptly will appoint a competent and legally qualified substitute therefor, and cause written notice thereof to be mailed to the registered owners of the Certificates.

IT IS HEREBY certified, recited and covenanted that this Certificate has been duly and validly authorized, issued and delivered; that all acts, conditions and things required or proper to be performed, exist and be done precedent to or in the authorization, issuance and delivery of this Certificate have been performed, existed and been done in accordance with law; that annual ad valorem taxes sufficient to provide for the payment of the interest on and principal of this Certificate, as such interest comes due and such principal matures, have been levied and ordered to be levied against all taxable property in said Issuer, and have been pledged for such payment, within the limit prescribed by law, and that this Certificate is additionally secured by and payable from a pledge of the Surplus Revenues of the Issuer's waterworks and sewer system remaining after payment of all operation and maintenance expenses thereof, and all debt service, reserve and other requirements in connection with all of the Issuer's revenue obligations (now or hereafter outstanding) that are payable from all or part of said Surplus Revenues of the Issuer's waterworks and sewer system, all as provided in the Certificate Ordinance.

THE ISSUER HAS RESERVED THE RIGHT to amend the Certificate Ordinance as provided therein, and under some (but not all) circumstances amendments thereto must be approved by the registered owners of a majority in aggregate principal amount of the outstanding Certificates.

BY BECOMING the registered owner of this Certificate, the registered owner thereby acknowledges all of the terms and provisions of the Certificate Ordinance, agrees to be bound by such terms and provisions, acknowledges that the Certificate Ordinance is duly recorded and available for inspection in the official minutes and records of the governing body of the Issuer, and agrees that the terms and

provisions of this Certificate and the Certificate Ordinance constitute a contract between each registered owner hereof and the Issuer.

IN WITNESS WHEREOF, the Issuer has caused this Certificate to be signed with the manual or facsimile signature of the Mayor of the Issuer and countersigned with the manual or facsimile signature of the City Secretary of said Issuer, and has caused the official seal of the Issuer to be duly impressed, or placed in facsimile, on this Certificate.

(signature)
City Secretary

(signature)
Mayor

(SEAL)

PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE
(To be executed if this Certificate is not accompanied by an executed Registration
Certificate of the Comptroller of Public Accounts of the State of Texas)

It is hereby certified that this Certificate has been issued under the provisions of the Certificate Ordinance described in the text of this Certificate; and that this Certificate has been issued in conversion or replacement of, or in exchange for, a certificate, certificates, or a portion of a certificate or certificates of a series that originally was approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts of the State of Texas.

Dated: _____.

U.S. Bank Trust Company, National Association
Dallas, Texas
Paying Agent/Registrar

By: _____
Authorized Representative

ASSIGNMENT

For value received, the undersigned hereby sells, assigns and transfers unto:

Please insert Social Security or Taxpayer Identification Number of Transferee

Please print or type name and address, including zip code of Transferee

the within Certificate and all rights thereunder, and hereby irrevocably constitutes and appoints: _____, attorney, to register the transfer of the within Certificate on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____.

Signature Guaranteed:

NOTICE: Signature(s) must be guaranteed by an eligible guarantor institution participating in a

NOTICE: The signature above must correspond with the name of the registered owner as it appears

securities transfer association recognized signature
guarantee program.

upon the front of this Certificate in every particular,
without alteration or enlargement or any change
whatsoever.

COMPTROLLER'S REGISTRATION CERTIFICATE: REGISTER NO. _____

I hereby certify that there is on file and of record in my office a true and correct copy of the opinion
of the Attorney General of the State of Texas approving this Certificate and that this Certificate has been
registered this day by me.

Witness my signature and seal this _____.

Comptroller of Public Accounts of the State of Texas

(COMPTROLLER'S SEAL)

(b) Initial Certificate Insertions

(i) The initial Certificate shall be in the form set forth is paragraph (a) of this Section,
except that:

- A. immediately under the name of the Certificate, the headings "Interest
Rate" and "Maturity Date" shall both be completed with the words "As
shown below" and "CUSIP No. _____" shall be deleted.
- B. the first paragraph shall be deleted and the following will be inserted:

"THE CITY OF ROANOKE, TEXAS, in Denton and Tarrant Counties, Texas (the "Issuer"), being
a political subdivision and municipal corporation of the State of Texas, hereby promises to pay to the
Registered Owner specified above, or registered assigns (hereinafter called the "Registered Owner"), on the
Maturity Dates, in the Principal Amounts and bearing interest at the Interest Rates per annum set forth in
the following schedule:

Maturity Date	Principal Amount	Interest Rates
[]		

The Issuer promises to pay interest on the unpaid principal amount hereof (calculated on the basis of a 360-day year of twelve 30-day months) from the Delivery Date above, at the respective Interest Rate per annum specified above. Interest is payable on February 15 and August 15 of each year, commencing February 15, 2025, to the date of payment of the principal installment specified above or the date of redemption prior to maturity; except, that if this Certificate is required to be authenticated and the date of its authentication is later than the first Record Date (hereinafter defined), such Principal Amount shall bear interest from the interest payment date next preceding the date of authentication, unless such date of authentication is after any Record Date but on or before the next following interest payment date, in which case such principal amount shall bear interest from such next following interest payment date; provided, however, that if on the date of authentication hereof the interest on the Certificate or Certificates, if any, for which this Certificate is being exchanged is due but has not been paid, then this Certificate shall bear interest from the date to which such interest has been paid in full."

C. The Initial Certificate shall be numbered "T-1."

EXHIBIT B

WRITTEN PROCEDURES FOR FEDERAL TAX COMPLIANCE

These procedures, together with any federal tax certifications, provisions included in the order, ordinance or resolution (the "Authorizing Document") authorizing the issuance and sale of any tax-exempt debt such as the Certificates (the "Obligations"), letters of instructions and/or memoranda from bond counsel and any attachments thereto (the "Closing Documents"), are intended to assist the Issuer in complying with federal guidelines related to the issuance of such Obligations.

I. Arbitrage Compliance. Federal income tax laws generally restrict the ability to earn arbitrage in connection with the Obligations. The Issuer's Finance Administrator (such officer, together with other employees of the Issuer who report to or such officer, is collectively, the "Responsible Person") will review the Closing Documents periodically (at least once a year) to ascertain if an exception to arbitrage compliance applies.

1. Procedures applicable to Obligations issued for construction and acquisition purposes. With respect to the investment and expenditure of the proceeds of the Obligations that are issued to finance public improvements or to acquire land or personal property, the Responsible Person will:
 - a. Instruct the appropriate person who is primarily responsible for the construction, renovation or acquisition of the facilities financed with the Obligations (the "Project") that (i) binding contracts for the expenditure of at least 5% of the proceeds of the Obligations must be entered into within 6 months of the date of closing of the Obligations (the "Issue Date") and that (ii) the Project must proceed with due diligence to completion;
 - b. Monitor that at least 85% of the proceeds of the Obligations to be used for the construction, renovation or acquisition of the Project are expended within 3 years of the Issue Date;
 - c. Monitor the yield on the investments purchased with proceeds of the Obligations and restrict the yield of such investments to the yield on the Obligations after 3 years from the Issue Date; and
 - d. To the extent that there are any unspent proceeds of the Obligations at the time the Obligations are refunded, or if there are unspent proceeds of the Obligations that are being refunded by a new issuance of Obligations, the Responsible Person shall continue monitoring the expenditure of such unspent proceeds to ensure compliance with federal tax law with respect to both the refunded Obligations and any Obligations being issued for refunding purposes.
2. Procedures applicable to Obligations with a debt service reserve fund. In addition to the foregoing, if the Issuer issues Obligations that are secured by a debt service reserve fund, the Responsible Person will assure that the maximum amount of any reserve fund for the Obligations invested at a yield higher than the yield on the Obligations will not exceed the lesser of (1) 10% of the principal amount of the Obligations, (2) 125% of the average annual debt service on the Obligations measured as of the Issue Date, or (3) 100% of the maximum annual debt service on the Obligations as of the Issue Date.
3. Procedures applicable to Escrow Accounts for Refunding Obligations. In addition to the foregoing, if the Issuer issues Obligations and proceeds are deposited to an escrow fund to be administered pursuant to the terms of an escrow agreement, the Responsible Person will:
 - a. Monitor the actions of the escrow agent to ensure compliance with the applicable provisions of the escrow agreement, including with respect to reinvestment of cash balances;

- b. Contact the escrow agent on the date of redemption of obligations being refunded to ensure that they were redeemed; and
 - c. Monitor any unspent proceeds of the refunded obligations to ensure that the yield on any investments applicable to such proceeds are invested at the yield on the applicable obligations or otherwise applied (see Closing Documents).
- 4. Procedures applicable to all Tax-Exempt Obligation Issues. For all issuances of Obligations, the Responsible Person will:
 - a. Maintain any official action of the Issuer (such as a reimbursement resolution) stating the Issuer's intent to reimburse with the proceeds of the Obligations any amount expended prior to the Issue Date for the acquisition, renovation or construction of the Project;
 - b. Ensure that the applicable information return (e.g., U.S. Internal Revenue Service ("IRS") Form 8038-G, 8038-GC, or any successor forms) is timely filed with the IRS;
 - c. Assure that, unless excepted from rebate and yield restriction under section 148(f) of the Internal Revenue Code of 1986, as amended, excess investment earnings are computed and paid to the U.S. government at such time and in such manner as directed by the IRS (i) at least every 5 years after the Issue Date and (ii) within 30 days after the date the Obligations are retired;
 - d. Monitor all amounts deposited into a sinking fund or funds pledged (directly or indirectly) to the payment of the Obligations, such as the Interest and Sinking Fund, to assure that the maximum amount invested within such applicable fund at a yield higher than the yield on the Obligations does not exceed an amount equal to the debt service on the Obligations in the succeeding 12 month period plus a carryover amount equal to one-twelfth of the principal and interest payable on the Obligations for the immediately preceding 12-month period; and
 - e. Ensure that no more than 50% of the proceeds of the Obligations are invested in an investment with a guaranteed yield for 4 years or more.

II. Private Business Use. Generally, to be tax-exempt, only an insignificant amount of the proceeds of each issue of Obligations can benefit (directly or indirectly) private businesses. The Responsible Person will review the Closing Documents periodically (at least once a year) for the purpose of determining that the use of the Project financed or refinanced with the proceeds of the Obligations does not violate provisions of federal tax law that pertain to private business use. In addition, the Responsible Person will:

- 1. Develop procedures or a "tracking system" to identify all property financed with Obligations;
- 2. Monitor and record the date on which the Project is substantially complete and available to be used for the purpose intended;
- 3. Monitor and record whether, at any time the Obligations are outstanding, any person, other than the Issuer, the employees of the Issuer, the agents of the Issuer or members of the general public:
 - a. has any contractual right (such as a lease, purchase, management or other service agreement) with respect to any portion of the Project;
 - b. has a right to use the output of the Project (e.g., water, gas, electricity); or
 - c. has a right to use the Project to conduct or to direct the conduct of research;
- 4. Monitor and record whether, at any time the Obligations are outstanding, any person, other than the Issuer, has a naming right for the Project or any other contractual right granting an intangible benefit;
- 5. Monitor and record whether, at any time the Obligations are outstanding, the Project, or any portion thereof, is sold or otherwise disposed of; and
- 6. Take such action as is necessary to remediate any failure to maintain compliance with the covenants contained in the Authorizing Document related to the public use of the Project.

III. Record Retention. The Responsible Person will maintain or cause to be maintained all records relating to the investment and expenditure of the proceeds of the Obligations and the use of the Project financed or refinanced thereby for a period ending three (3) years after the complete extinguishment of the Obligations. If any portion of the Obligations is refunded with the proceeds of another series of Obligations, such records shall be maintained until the three (3) years after the refunding Obligations mature or are otherwise paid off. Such records can be maintained in paper or electronic format.

IV. Responsible Person. A Responsible Person shall receive appropriate training regarding the Issuer's accounting system, contract intake system, facilities management and other systems necessary to track the investment and expenditure of the proceeds and the use of the Project financed or refinanced with the proceeds of the Obligations. The foregoing notwithstanding, each Responsible Person shall report to the governing body of the Issuer whenever experienced advisors and agents may be necessary to carry out the purposes of these instructions for the purpose of seeking approval of the governing body to engage or utilize existing advisors and agents for such purposes.



AGENDA ITEM

TO: Mayor & City Council

SUBJECT: ORD NO 2024-117 - Issue Certificates of Obligation Series 2024B

MEETING DATE: October 8, 2024

DEPARTMENT: City Manager

ITEM SUMMARY:

Consideration and action on approval of Ordinance No. 2024-117 authorizing the issuance and sale of City of Roanoke, Texas, Combination Tax and Revenue Certificates of Obligation, Series 2024B; levying an annual ad valorem tax and providing for the security for and payment of the certificates; approving an official statement; providing an effective date; and enacting other provisions relating to the subject.

INFORMATION:

These bonds will provide funding for street and utility infrastructure projects to occur in fiscal year 2025.

STAFF RECOMMENDATION:

SPECIAL CONSIDERATION:

FINANCIAL CONSIDERATION:

ATTACHMENTS:

1. ORD NO 2024-117 - Issue CO 2024B (ver 1)

CERTIFICATE FOR ORDINANCE

THE STATE OF TEXAS
DENTON AND TARRANT COUNTIES
CITY OF ROANOKE

We, the undersigned officers of the City of Roanoke, Texas (the "City"), hereby certify as follows:

1. The City Council of the City convened in a Regular Meeting on October 8, 2024 at the regular meeting place of the City Council at City Hall and the roll was called of the duly constituted officers and members of the City Council, to wit:

Carl E. "Scooter" Gierisch, Jr.; Mayor	Holly Gray; Mayor Pro Tem
Hogan Page; Council Member	Brian Darby; Council Member
Bryan Moyers; Council Member	David Brundage; Council Member
David Thompson; Council Member	

and all of the persons were present, except Holly Gray, Bryan Moyers, and David Thompson, thus constituting a quorum. Whereupon, among other business, the following was transacted at the Meeting: a written

AN ORDINANCE AUTHORIZING THE ISSUANCE AND SALE OF CITY OF ROANOKE, TEXAS, COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2024B; LEVYING AN ANNUAL AD VALOREM TAX AND PROVIDING FOR THE SECURITY FOR AND PAYMENT OF THE CERTIFICATES; APPROVING AN OFFICIAL STATEMENT; PROVIDING AN EFFECTIVE DATE; AND ENACTING OTHER PROVISIONS RELATING TO THE SUBJECT

was duly introduced for the consideration of the City Council. It was then duly moved and seconded that the Ordinance be adopted and, after due discussion, the motion, carrying with it the adoption of the Ordinance, prevailed and carried by the following vote:

AYES: _____ NOES: _____ ABSTAIN: _____

2. That a true, full and correct copy of the Ordinance adopted at the Meeting described in the above and foregoing paragraph is attached to and follows this Certificate; that the Ordinance has been duly recorded in the City Council's minutes of the Meeting; that the above and foregoing paragraph is a true, full and correct excerpt from the City Council's minutes of the Meeting pertaining to the adoption of the Ordinance; that the persons named in the above and foregoing paragraph are the duly chosen, qualified and acting officers and members of the City Council as indicated therein; that each of the officers and members of the City Council was duly and sufficiently notified officially and personally, in advance, of the time, place and purpose of the Meeting, and that the Ordinance would be introduced and considered for adoption at the Meeting, and each of the officers and members consented, in advance, to the holding of the Meeting for such purpose, and that the Meeting was open to the public and public notice of the time, place and purpose of the meeting was given, all as required by Chapter 551, Texas Government Code.

3. That the Mayor of the City has approved and hereby approves the Ordinance; that the Mayor and the City Secretary of the City have duly signed the Ordinance; and that the Mayor and the City Secretary of the City hereby declare that their signing of this Certificate shall constitute the signing of the attached and following copy of the Ordinance for all purposes.

SIGNED AND SEALED ON OCTOBER 8, 2024.

April S. Hill; City Secretary
City of Roanoke, Texas

Carl E. Gierisch, Jr.; Mayor
City of Roanoke, Texas

(CITY SEAL)

Certificate for Ordinance Authorizing the Issuance and Sale of
City of Roanoke, Texas Combination Tax and Revenue Certificates of Obligation, Series 2024B

Ordinance No. 2024-117

ORDINANCE NO. 2024-117

AUTHORIZING THE ISSUANCE AND SALE OF CITY OF ROANOKE, TEXAS, COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2024B; LEVYING AN ANNUAL AD VALOREM TAX AND PROVIDING FOR THE SECURITY FOR AND PAYMENT OF THE CERTIFICATES; APPROVING AN OFFICIAL STATEMENT; PROVIDING AN EFFECTIVE DATE; AND ENACTING OTHER PROVISIONS RELATING TO THE SUBJECT

WHEREAS, the City Council of the City of Roanoke, Texas, deems it advisable to issue Certificates of Obligation in the amount of \$[par] for the purposes hereinafter set forth; and

WHEREAS, the Certificates of Obligation hereinafter authorized and designated are to be issued and delivered for cash pursuant to Subchapter C of Chapter 271, Local Government Code and Chapter 1502, Texas Government Code; and

WHEREAS, the City Council has heretofore passed a resolution authorizing and directing the City Secretary to give notice of intention to issue Certificates of Obligation ("Notice"), and the Notice has been duly published in a newspaper of general circulation in the City with the first publication being at least forty-five days prior to the date of passage of this Ordinance, the newspaper being a "newspaper" as defined in Section 2051.044, Texas Government Code; and

WHEREAS, the City received no petition from the qualified electors of the City protesting the issuance of such Certificates of Obligation; and

WHEREAS, during the preceding three years, the City has not submitted a bond proposition to authorize the issuance of bonds for the same purpose for which the Certificates of Obligation are hereby being issued and which proposition was disapproved by voters; and

WHEREAS, it is considered to be to the best interest of the City that the interest-bearing Certificates of Obligation be issued; and

WHEREAS, it is officially found, determined, and declared that the meeting at which this Ordinance has been adopted was open to the public and public notice of the time, place and subject matter of the public business to be considered and acted upon at the meeting, including this Ordinance, was given, all as required by the applicable provisions of Texas Government Code, Chapter 551; Now, Therefore

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF ROANOKE, TEXAS:

Section 1. RECITALS, AMOUNT AND PURPOSE OF THE CERTIFICATES. The recitals set forth in the preamble hereof are incorporated herein and shall have the same force and effect as if set forth in this Section. The certificates of the City of Roanoke, Texas (the "Issuer") are hereby authorized to be issued and delivered in the aggregate principal amount of \$[par] for paying all or a portion of the Issuer's contractual obligations incurred in connection with: (1) water system improvements consisting of a storage tank and related water system infrastructure and (2) paying fees for legal, fiscal, engineering, architectural and other professional services in connection with these projects (collectively, the "Project").

Section 2. DESIGNATION, DATE, DENOMINATIONS, NUMBERS, AND MATURITIES AND INTEREST RATES OF CERTIFICATES. Each certificate issued pursuant to this Ordinance shall be designated: "CITY OF ROANOKE, TEXAS, COMBINATION TAX AND REVENUE CERTIFICATE OF OBLIGATION, SERIES 2024B," and initially there shall be issued, sold, and delivered

hereunder one fully registered certificate, without interest coupons, dated October 15, 2024 (the “Dated Date”), in the principal amount stated above and in the denominations hereinafter stated, numbered T-1, with certificates issued in replacement thereof being in the denominations and principal amounts hereinafter stated and numbered consecutively from R-1 upward, payable to the respective Registered Owners thereof (with the initial certificate being made payable to the initial purchaser as described in Section 10 hereof), or to the registered assignee or assignees of the certificates or any portion or portions thereof (in each case, the "Registered Owner"), and the certificates shall mature and be payable on the Maturity Dates and in the Principal Amounts, respectively, and shall bear interest from the October 30, 2024 (the “Delivery Date”) as set forth in the FORM OF CERTIFICATE in **Exhibit A** of this Ordinance to their respective dates of maturity at the rates per annum, as set forth in the following schedule:

<u>Maturity</u> <u>Date</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rates</u>
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The term "Certificates" as used in this Ordinance shall mean and include collectively the certificates initially issued and delivered pursuant to this Ordinance and all substitute certificates exchanged therefor, as well as all other substitute certificates and replacement certificates issued pursuant hereto, and the term "Certificate" shall mean any of the Certificates.

Section 3. CHARACTERISTICS OF THE CERTIFICATES.

(a) Registration, Transfer, Conversion and Exchange; Authentication. The Issuer shall keep or cause to be kept at the principal corporate trust office of U.S. Bank Trust Company National Association, Dallas, Texas (the "Paying Agent/Registrar") books or records for the registration of the transfer, conversion and exchange of the Certificates (the "Registration Books"), and the Issuer hereby appoints the Paying Agent/Registrar as its registrar and transfer agent to keep such books or records and make such registrations of transfers, conversions and exchanges under such reasonable regulations as the Issuer and Paying Agent/Registrar may prescribe; and the Paying Agent/Registrar shall make such registrations, transfers, conversions and exchanges as herein provided. The Paying Agent/Registrar shall obtain and record in the Registration Books the address of the registered owner of each Certificate to which payments with respect to the Certificates shall be mailed, as herein provided; but it shall be the duty of each registered owner to notify the Paying Agent/Registrar in writing of the address to which payments shall be mailed, and such interest payments shall not be mailed unless such notice has been given. The Issuer shall have the right to inspect the Registration Books during regular business hours of the Paying Agent/Registrar, but otherwise the Paying Agent/Registrar shall keep the Registration Books confidential and, unless otherwise required by law, shall not permit their inspection by any other entity. The Issuer shall pay the Paying Agent/Registrar's standard or customary fees and charges for making such registration, transfer, conversion, exchange and delivery of a substitute Certificate or Certificates. Registration of assignments, transfers, conversions and exchanges of Certificates shall be made in the manner provided and with the effect stated in the FORM OF CERTIFICATE set forth in this Ordinance. Each substitute Certificate shall bear a letter and/or number to distinguish it from each other Certificate.

(b) Except as provided in Section 3(d) of this Ordinance, an authorized representative of the Paying Agent/Registrar shall, before the delivery of any such Certificate, date and manually sign said Certificate, and no such Certificate shall be deemed to be issued or outstanding unless such Certificate is so executed. The Paying Agent/Registrar promptly shall cancel all paid Certificates and Certificates surrendered for conversion and exchange. No additional ordinances, orders, or resolutions need be passed or adopted by the governing body of the Issuer or any other body or person so as to accomplish the foregoing conversion and exchange of any Certificate or portion thereof, and the Paying Agent/Registrar shall provide for the printing, execution, and delivery of the substitute Certificates in the manner prescribed herein, and said Certificates shall be printed or typed on paper of customary weight and strength. Pursuant to Chapter 1201, Government Code, as amended, the duty of conversion and exchange of Certificates as aforesaid is hereby imposed upon the Paying Agent/Registrar, and, upon the execution of said Certificate, the converted and exchanged Certificate shall be valid, incontestable, and enforceable in the same manner and with the same effect as the Certificates that initially were issued and delivered pursuant to this Ordinance, approved by the Attorney General and registered by the Comptroller of Public Accounts.

(c) Payment of Certificates and Interest. The Issuer hereby further appoints the Paying Agent/Registrar to act as the paying agent for paying the principal of and interest on the Certificates, all as provided in this Ordinance. The Paying Agent/Registrar shall keep proper records of all payments made by the Issuer and the Paying Agent/Registrar with respect to the Certificates, and of all conversions and exchanges of Certificates, and all replacements of Certificates, as provided in this Ordinance. However, in the event of a nonpayment of interest on a scheduled payment date, and for thirty (30) days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the Issuer. Notice of the past due interest shall be sent at least five (5) business days prior to the Special Record Date by United States mail, first-class postage prepaid, to the address of each registered owner appearing on the Registration Books at the close of business on the last business day next preceding the date of mailing of such notice.

(d) In General. The Certificates (i) shall be issued in fully registered form, without interest coupons, with the principal of and interest on such Certificates to be payable only to the registered owners thereof, (ii) may be converted and exchanged for other Certificates, (iii) may be transferred and assigned, (iv) shall have the characteristics, (v) shall be signed, sealed, executed and authenticated, (vi) the principal of and interest on the Certificates shall be payable, and (vii) shall be administered and the Paying Agent/Registrar and the Issuer shall have certain duties and responsibilities with respect to the Certificates, all as provided, and in the manner and to the effect as required or indicated, in the FORM OF CERTIFICATE set forth in this Ordinance. The Certificate initially issued and delivered pursuant to this Ordinance is not required to be, and shall not be, authenticated by the Paying Agent/Registrar, but on each substitute Certificate issued in conversion of and exchange for any Certificate or Certificates issued under this Ordinance the Paying Agent/Registrar shall execute the PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE, in the form set forth in the FORM OF CERTIFICATE.

(e) Paying Agent/Registrar for the Certificates. The Issuer covenants with the registered owners of the Certificates that at all times while the Certificates are outstanding the Issuer will provide a competent and legally qualified bank, trust company, financial institution, or other entity to act as and perform the services of Paying Agent/Registrar for the Certificates under this Ordinance, and that the Paying Agent/Registrar will be one entity. The Issuer reserves the right to, and may, at its option, change the Paying Agent/Registrar upon not less than 120 days written notice to the Paying Agent/Registrar, to be effective not later than 60 days prior to the next principal or interest payment date after such notice. In the event that the entity at any time acting as Paying Agent/Registrar (or its successor by merger, acquisition, or other method) should resign or otherwise cease to act as such, the Issuer covenants that promptly it will appoint a competent and legally qualified bank, trust company, financial institution, or other agency to act as Paying Agent/Registrar under this Ordinance. Upon any change in the Paying Agent/Registrar, the previous Paying Agent/Registrar promptly shall transfer and deliver the Registration Books (or a copy thereof), along with all other pertinent books and records relating to the Certificates, to the new Paying Agent/Registrar designated and appointed by the Issuer. Upon any change in the Paying Agent/Registrar, the Issuer promptly will cause a written notice thereof to be sent by the new Paying Agent/Registrar to each Registered Owner of the Certificates, by United States mail, first-class postage prepaid, which notice also shall give the address of the new Paying Agent/Registrar. By accepting the position and performing as such, each Paying Agent/Registrar shall be deemed to have agreed to the provisions of this Ordinance, and a certified copy of this Ordinance shall be delivered to each Paying Agent/Registrar.

(f) Authentication. Except as provided below, no Certificate shall be valid or obligatory for any purpose or be entitled to any security or benefit of this Ordinance unless and until there appears thereon the Certificate of Paying Agent/Registrar substantially in the form provided in this Ordinance, duly authenticated by manual execution of the Paying Agent/Registrar. It shall not be required that the same authorized representative of the Paying Agent/Registrar sign the Certificate of Paying Agent/Registrar on all of the Certificates. In lieu of the executed Certificate of Paying Agent/Registrar described above, the Initial Certificate delivered on the closing date shall have attached thereto the Comptroller's Registration Certificate substantially in the form provided in this Ordinance, manually executed by the Comptroller of Public Accounts of the State of Texas or by his duly authorized agent, which certificate shall be evidence that the Initial Certificate has been duly approved by the Attorney General of the State of Texas and that it is a valid and binding obligation of the Issuer, and has been registered by the Comptroller.

(g) Book-Entry Only System.

(i) The Certificates issued in exchange for the Certificate initially issued to the initial purchaser specified herein shall be initially issued in the form of a separate single fully registered Certificate for each of the maturities thereof. Upon initial issuance, the ownership of each such Certificate shall be registered in the name of Cede & Co., as nominee of The Depository Trust

Company, New York, New York ("DTC"), and except as provided in subsection (f) hereof, all of the outstanding Certificates shall be registered in the name of Cede & Co., as nominee of DTC.

(ii) With respect to Certificates registered in the name of Cede & Co., as nominee of DTC, the Issuer and the Paying Agent/Registrar shall have no responsibility or obligation to any securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations on whose behalf DTC was created ("DTC Participant") to hold securities to facilitate the clearance and settlement of securities transactions among DTC Participants or to any person on behalf of whom such a DTC Participant holds an interest in the Certificates. Without limiting the immediately preceding sentence, the Issuer and the Paying Agent/Registrar shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any DTC Participant with respect to any ownership interest in the Certificates, (ii) the delivery to any DTC Participant or any other person, other than a Registered Owner of Certificates, as shown on the Registration Books, of any notice with respect to the Certificates, or (iii) the payment to any DTC Participant or any other person, other than a Registered Owner of Certificates, as shown in the Registration Books of any amount with respect to principal of or interest on the Certificates. Notwithstanding any other provision of this Ordinance to the contrary, the Issuer and the Paying Agent/Registrar shall be entitled to treat and consider the person in whose name each Certificate is registered in the Registration Books as the absolute owner of such Certificate for the purpose of payment of principal and interest with respect to such Certificate, for the purpose of registering transfers with respect to such Certificate, and for all other purposes whatsoever. The Paying Agent/Registrar shall pay all principal of and interest on the Certificates only to or upon the order of the Registered Owners, as shown in the Registration Books as provided in this Ordinance, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the Issuer's obligations with respect to payment of principal of and interest on the Certificates to the extent of the sum or sums so paid. No person other than a Registered Owner, as shown in the Registration Books, shall receive a Certificate evidencing the obligation of the Issuer to make payments of principal and interest pursuant to this Ordinance. Upon delivery by DTC to the Paying Agent/Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions in this Ordinance with respect to interest checks being mailed to the Registered Owner at the close of business on the Record date, the words "Cede & Co." in this Ordinance shall refer to such new nominee of DTC.

(iii) The previous execution and delivery of the Blanket Letter of Representations with respect to obligations of the Issuer is hereby ratified and confirmed; and the provisions thereof shall be fully applicable to the Certificates.

(h) Successor Securities Depository; Transfers outside Book-Entry Only System. In the event that the Issuer determines that DTC is incapable of discharging its responsibilities described herein and in the representations letter of the Issuer to DTC or that it is in the best interest of the beneficial owners of the Certificates that they be able to obtain certificated Certificates, the Issuer shall (i) appoint a successor securities depository, qualified to act as such under Section 17A of the Securities and Exchange Act of 1934, as amended, notify DTC and DTC Participants of the appointment of such successor securities depository and transfer one or more separate Certificates to such successor securities depository or (ii) notify DTC and DTC Participants of the availability through DTC of Certificates and transfer one or more separate certificated Certificates to DTC Participants having Certificates credited to their DTC accounts. In such event, the Certificates shall no longer be restricted to being registered in the Registration Books in the name of Cede & Co., as nominee of DTC, but may be registered in the name of the successor securities depository, or its nominee, or in whatever name or names Registered Owners transferring or exchanging Certificates shall designate, in accordance with the provisions of this Ordinance.

(i) Payments to Cede & Co. Notwithstanding any other provision of this Ordinance to the contrary, so long as any Certificate is registered in the name of Cede & Co., as nominee of DTC, all payments with respect to principal of and interest on such Certificate and all notices with respect to such Certificate shall be made and given, respectively, in the manner provided in the representations letter of the Issuer to DTC.

(j) Cancellation of Initial Certificate. On the closing date, one initial Certificate representing the entire principal amount of the Certificates, payable in stated installments to the purchaser designated in Section 10 or its designee, executed by manual or facsimile signature of the Mayor (or in the Mayor's absence, by the Mayor Pro Tem), City Manager and City Secretary of the Issuer, approved by the Attorney General of Texas, and registered and manually signed by the Comptroller of Public Accounts of the State of Texas, will be delivered to such purchaser or its designee. Upon payment for the initial Certificate, the Paying Agent/Registrar shall cancel the initial Certificate and deliver to the Depository Trust Company on behalf of such purchaser one registered definitive Certificate for each year of maturity of the Certificates, in the aggregate principal amount of all of the Certificates for such maturity.

Section 4. FORM OF CERTIFICATES. The form of the Certificates, including the form of Paying Agent/Registrar's Authentication Certificate, the form of Assignment and the form of Registration Certificate of the Comptroller of Public Accounts of the State of Texas to be attached to the Certificates initially issued and delivered pursuant to this Ordinance, shall be substantially in the form provided in Exhibit A, with such appropriate variations, omissions or insertions as are permitted or required by this Ordinance. Exhibit A is incorporated in this Ordinance for all purposes.

Section 5. INTEREST AND SINKING FUND; SURPLUS REVENUES.

(a) A special "Interest and Sinking Fund" is hereby created and shall be established and maintained by the Issuer as a separate fund or account and the funds therein shall be deposited into and held at an official depository bank of said Issuer. Said Interest and Sinking Fund shall be kept separate and apart from all other funds and accounts of said Issuer and shall be used only for paying the interest on and principal of said Certificates. Any amounts received from the sale of the Certificates as accrued interest shall be deposited upon receipt to the Interest and Sinking Fund, and all ad valorem taxes levied and collected for and on account of said Certificates shall be deposited, as collected, to the credit of said Interest and Sinking Fund. During each year while any of said Certificates are outstanding and unpaid, the governing body of said Issuer shall compute and ascertain a rate and amount of ad valorem tax that will be sufficient to raise and produce the money required to pay the interest on said Certificates as such interest comes due, and to provide and maintain a sinking fund adequate to pay the principal of said Certificates as such principal matures (but never less than 2% of the original amount of said Certificates as a sinking fund each year); and said tax shall be based on the latest approved tax rolls of said Issuer, with full allowances being made for tax delinquencies and the cost of tax collection. Said rate and amount of ad valorem tax is hereby levied, and is hereby ordered to be levied, against all taxable property in said Issuer, for each year while any of said Certificates are outstanding and unpaid, and said tax shall be assessed and collected each such year and deposited to the credit of the aforesaid Interest and Sinking Fund. Said ad valorem taxes sufficient to provide for the payment of the interest on and principal of said Certificates, as such interest comes due and such principal matures, are hereby pledged for such payment, within the limit prescribed by law.

(b) The Certificates are additionally secured by revenues of the Issuer's waterworks and sewer system that remain after the payment of all maintenance and operation expenses thereof, and all debt service, reserve and other requirements in connection with all of the Issuer's revenue obligations (now or hereafter outstanding) that are secured by a lien on all or any part of the net revenues of the Issuer's

waterworks and sewer system, constituting "Surplus Revenues." The Issuer shall deposit such Surplus Revenues to the credit of the Interest and Sinking Fund created pursuant to this Section, to the extent necessary to pay the principal and interest on the Certificates. Notwithstanding the requirements of Section 5(a), if Surplus Revenues or other lawfully available moneys of the Issuer are actually on deposit or budgeted to be on deposit in the Interest and Sinking Fund in advance of the time when ad valorem taxes are scheduled to be levied for any year, then the amount of taxes that otherwise would have been required to be levied pursuant to this Section may be reduced to the extent and by the amount of the Surplus Revenues or other lawfully available funds then on deposit in the Interest and Sinking Fund.

(c) Chapter 1208, Government Code, applies to the issuance of the Certificates and the pledge of the taxes and Surplus Revenues granted by the Issuer under this Section, and is therefore valid, effective, and perfected. Should Texas law be amended at any time while the Certificates are outstanding and unpaid, the result of such amendment being that the pledge of the taxes and Surplus Revenues granted by the Issuer under this Section is to be subject to the filing requirements of Chapter 9, Texas Business & Commerce Code, in order to preserve to the registered owners of the Certificates a security interest in said pledge, the Issuer agrees to take such measures as it determines are reasonable and necessary under Texas law to comply with the applicable provisions of Chapter 9, Texas Business & Commerce Code and enable a filing of a security interest in said pledge to occur.

Section 6. DEFEASANCE OF CERTIFICATES.

(a) Any Certificate and the interest thereon shall be deemed to be paid, retired and no longer outstanding (a "Defeased Certificate") within the meaning of this Ordinance, except to the extent provided in subsection (d) of this Section, when payment of the principal of such Certificate, plus interest thereon to the due date (whether such due date be by reason of maturity or otherwise) either (i) shall have been made or caused to be made in accordance with the terms thereof, or (ii) shall have been provided for on or before such due date by irrevocably depositing with or making available to the Paying Agent/Registrar in accordance with an escrow agreement or other instrument (the "Future Escrow Agreement") for such payment (1) lawful money of the United States of America sufficient to make such payment or (2) Defeasance Securities that mature as to principal and interest in such amounts and at such times as will insure the availability, without reinvestment, of sufficient money to provide for such payment, and when proper arrangements have been made by the Issuer with the Paying Agent/Registrar for the payment of its services until all Defeased Certificates shall have become due and payable. When a Certificate shall be deemed to be a Defeased Certificate hereunder, as aforesaid, such Certificate and the interest thereon shall no longer be secured by, payable from, or entitled to the benefits of, the ad valorem taxes herein levied and pledged or the pledge of Surplus Revenues as provided in this Ordinance, and such principal and interest shall be payable solely from such money or Defeasance Securities.

(b) Any moneys so deposited with the Paying Agent/Registrar may at the written direction of the Issuer be invested in Defeasance Securities, maturing in the amounts and times as hereinbefore set forth, and all income from such Defeasance Securities received by the Paying Agent/Registrar that is not required for the payment of the Certificates and interest thereon, with respect to which such money has been so deposited, shall be turned over to the Issuer, or deposited as directed in writing by the Issuer. Any Future Escrow Agreement pursuant to which the money and/or Defeasance Securities are held for the payment of Defeased Certificates may contain provisions permitting the investment or reinvestment of such moneys in Defeasance Securities or the substitution of other Defeasance Securities upon the satisfaction of the requirements specified in subsection 6(a)(i) or (ii). All income from such Defeasance Securities received by the Paying Agent/Registrar which is not required for the payment of the Defeased Certificates, with respect to which such money has been so deposited, shall be remitted to the Issuer or deposited as directed in writing by the Issuer.

(c) The term "Defeasance Securities" means any securities and obligations now or hereafter authorized by State law that are eligible to refund, retire or otherwise discharge obligations such as the Certificates.

(d) Until all Defeased Certificates shall have become due and payable, the Paying Agent/Registrar shall perform the services of Paying Agent/Registrar for such Defeased Certificates the same as if they had not been defeased, and the Issuer shall make proper arrangements to provide and pay for such services as required by this Ordinance.

(e) In the event that the Issuer elects to defease less than all of the principal amount of Certificates of a maturity, the Paying Agent/Registrar shall select, or cause to be selected, such amount of Certificates by such random method as it deems fair and appropriate.

Section 7. DAMAGED, MUTILATED, LOST, STOLEN, OR DESTROYED CERTIFICATES.

(a) Replacement Certificates. In the event any outstanding Certificate is damaged, mutilated, lost, stolen or destroyed, the Paying Agent/Registrar shall cause to be printed, executed and delivered, a new certificate of the same principal amount, maturity and interest rate, as the damaged, mutilated, lost, stolen or destroyed Certificate, in replacement for such Certificate in the manner hereinafter provided.

(b) Application for Replacement Certificates. Application for replacement of damaged, mutilated, lost, stolen or destroyed Certificates shall be made by the registered owner thereof to the Paying Agent/Registrar. In every case of loss, theft or destruction of a Certificate, the registered owner applying for a replacement certificate shall furnish to the Issuer and to the Paying Agent/Registrar such security or indemnity as may be required by them to save each of them harmless from any loss or damage with respect thereto. Also, in every case of loss, theft or destruction of a Certificate, the registered owner shall furnish to the Issuer and to the Paying Agent/Registrar evidence to their satisfaction of the loss, theft or destruction of such Certificate, as the case may be. In every case of damage or mutilation of a Certificate, the registered owner shall surrender to the Paying Agent/Registrar for cancellation the Certificate so damaged or mutilated.

(c) No Default Occurred. Notwithstanding the foregoing provisions of this Section, in the event any such Certificate shall have matured, and no default has occurred that is then continuing in the payment of the principal of or interest on the Certificate, the Issuer may authorize the payment of the same (without surrender thereof except in the case of a damaged or mutilated Certificate) instead of issuing a replacement Certificate, provided security or indemnity is furnished as above provided in this Section.

(d) Charge for Issuing Replacement Certificates. Prior to the issuance of any replacement certificate, the Paying Agent/Registrar shall charge the registered owner of such Certificate with all legal, printing, and other expenses in connection therewith. Every replacement certificate issued pursuant to the provisions of this Section by virtue of the fact that any Certificate is lost, stolen or destroyed shall constitute a contractual obligation of the Issuer whether or not the lost, stolen or destroyed Certificate shall be found at any time, or be enforceable by anyone, and shall be entitled to all the benefits of this Ordinance equally and proportionately with any and all other Certificates duly issued under this Ordinance.

(e) Authority for Issuing Replacement Certificates. In accordance with Sec. 1206.022, Government Code, this Section 7 of this Ordinance shall constitute authority for the issuance of any such replacement certificate without necessity of further action by the governing body of the Issuer or any other body or person, and the duty of the replacement of such certificates is hereby authorized and imposed upon the Paying Agent/Registrar, and the Paying Agent/Registrar shall authenticate and deliver such Certificates

in the form and manner and with the effect, as provided in Section 3(a) of this Ordinance for Certificates issued in conversion and exchange for other Certificates.

Section 8. CUSTODY, APPROVAL, AND REGISTRATION OF CERTIFICATES; BOND COUNSEL'S OPINION; CUSIP NUMBERS AND APPROVAL OF BOND INSURANCE; ENGAGEMENT OF BOND COUNSEL.

(a) The Mayor of the Issuer is hereby authorized to have control of the Certificates initially issued and delivered hereunder and all necessary records and proceedings pertaining to the Certificates pending their delivery and their investigation, examination, and approval by the Attorney General of the State of Texas, and their registration by the Comptroller of Public Accounts of the State of Texas. Upon registration of the Certificates said Comptroller of Public Accounts (or a deputy designated in writing to act for said Comptroller) shall manually sign the Comptroller's Registration Certificate attached to such Certificates, and the seal of said Comptroller shall be impressed, or placed in facsimile, on such Certificate. The approving legal opinion of the Issuer's Bond Counsel and the assigned CUSIP numbers may, at the option of the Issuer, be printed on the Certificates issued and delivered under this Ordinance, but neither shall have any legal effect, and shall be solely for the convenience and information of the registered owners of the Certificates.

(b) The obligation of the initial purchaser to accept delivery of the Certificates is subject to the initial purchaser being furnished with the final, approving opinion of McCall, Parkhurst & Horton L.L.P., bond counsel to the Issuer, which opinion shall be dated as of and delivered on the date of initial delivery of the Certificates to the initial purchaser.

Section 9. COVENANTS REGARDING TAX EXEMPTION OF INTEREST ON THE CERTIFICATES.

(a) Covenants. The Issuer covenants to take any action necessary to assure, or refrain from any action that would adversely affect, the treatment of the Certificates as Obligation described in section 103 of the Code, the interest on which is not includable in the "gross income" of the holder for purposes of federal income taxation. In furtherance thereof, the Issuer covenants as follows:

(1) to take any action to assure that no more than 10 percent of the proceeds of the Certificates (less amounts deposited to a reserve fund, if any) are used for any "private business use," as defined in section 141(b)(6) of the Code or, if more than 10 percent of the proceeds or the projects financed therewith are so used, such amounts, whether or not received by the Issuer, with respect to such private business use, do not, under the terms of this Ordinance or any underlying arrangement, directly or indirectly, secure or provide for the payment of more than 10 percent of the debt service on the Certificates, in contravention of section 141(b)(2) of the Code;

(2) to take any action to assure that in the event that the "private business use" described in subsection (1) hereof exceeds 5 percent of the proceeds of the Certificates or the projects financed therewith (less amounts deposited into a reserve fund, if any) then the amount in excess of 5 percent is used for a "private business use" that is "related" and not "disproportionate," within the meaning of section 141(b)(3) of the Code, to the governmental use;

(3) to take any action to assure that no amount that is greater than the lesser of \$5,000,000, or 5 percent of the proceeds of the Certificates (less amounts deposited into a reserve fund, if any) is directly or indirectly used to finance loans to persons, other than state or local governmental units, in contravention of section 141(c) of the Code;

(4) to refrain from taking any action that would otherwise result in the Certificates being treated as "private activity bonds" within the meaning of section 141(b) of the Code;

(5) to refrain from taking any action that would result in the Certificates being "federally guaranteed" within the meaning of section 149(b) of the Code;

(6) to refrain from using any portion of the proceeds of the Certificates, directly or indirectly, to acquire or to replace funds that were used, directly or indirectly, to acquire investment property (as defined in section 148(b)(2) of the Code) that produces a materially higher yield over the term of the Certificates, other than investment property acquired with B

(A) proceeds of the Certificates invested for a reasonable temporary period of 3 years or less or, in the case of a refunding bond, for a period of 30 days or less until such proceeds are needed for the purpose for which the bonds are issued,

(B) amounts invested in a bona fide debt service fund, within the meaning of section 1.148-1(b) of the Treasury Regulations, and

(C) amounts deposited in any reasonably required reserve or replacement fund to the extent such amounts do not exceed 10 percent of the proceeds of the Certificates;

(7) to otherwise restrict the use of the proceeds of the Certificates or amounts treated as proceeds of the Certificates, as may be necessary, so that the Certificates do not otherwise contravene the requirements of section 148 of the Code (relating to arbitrage);

(8) to pay to the United States of America at least once during each five-year period (beginning on the date of delivery of the Certificates) an amount that is at least equal to 90 percent of the "Excess Earnings," within the meaning of section 148(f) of the Code and to pay to the United States of America, not later than 60 days after the Certificates have been paid in full, 100 percent of the amount then required to be paid as a result of Excess Earnings under section 148(f) of the Code; and

(9) to refrain from using the proceeds of the Certificates or proceeds of any prior bonds to pay debt service on another issue more than 90 days after the date of issue of the Bonds in contravention of the requirements of section 149(d) of the Code (relating to advance refundings).

(b) Rebate Fund. In order to facilitate compliance with the above covenant (a)(8), a "Rebate Fund" is hereby established by the Issuer for the sole benefit of the United States of America, and such Fund shall not be subject to the claim of any other person, including without limitation the certificateholders. The Rebate Fund is established for the additional purpose of compliance with section 148 of the Code.

(c) Use of Proceeds. For purposes of the foregoing covenants (a)(1) and (a)(2), the Issuer understands that the term "proceeds" includes "disposition proceeds" as defined in the Treasury Regulations and, in the case of refunding bonds, transferred proceeds (if any) and proceeds of the refunded bonds expended prior to the date of issuance of the Certificates. It is the understanding of the Issuer that the covenants contained herein are intended to assure compliance with the Code and any regulations or rulings promulgated by the U.S. Department of the Treasury pursuant thereto. In the event that regulations or rulings are hereafter promulgated that modify or expand provisions of the Code, as applicable to the Certificates, the Issuer will not be required to comply with any covenant contained herein to the extent that such failure to comply, in the opinion of nationally recognized bond counsel, will not adversely affect the

exemption from federal income taxation of interest on the Certificates under section 103 of the Code. In the event that regulations or rulings are hereafter promulgated that impose additional requirements applicable to the Certificates, the Issuer agrees to comply with the additional requirements to the extent necessary, in the opinion of nationally recognized bond counsel, to preserve the exemption from federal income taxation of interest on the Certificates under section 103 of the Code. In furtherance of such intention, the Issuer hereby authorizes and directs the Mayor, City Manager and City Secretary to execute any documents, certificates or reports required by the Code and to make such elections, on behalf of the Issuer, that may be permitted by the Code as are consistent with the purpose for the issuance of the Certificates.

(d) Allocation of, and Limitation on, Expenditures for the Project. The Issuer covenants to account for the expenditure of sale proceeds and investment earnings to be used for the construction and acquisition of the Project on its books and records by allocating proceeds to expenditures within 18 months of the later of the date that (1) the expenditure is made, or (2) the Project is completed. The foregoing notwithstanding, the Issuer shall not expend proceeds of the sale of the Certificates or investment earnings thereon more than 60 days after the earlier of (1) the fifth anniversary of the delivery of the Certificates, or (2) the date the Certificates are retired, unless the Issuer obtains an opinion of nationally-recognized bond counsel that such expenditure will not adversely affect the status, for federal income tax purposes, of the Certificates or the interest thereon. For purposes hereof, the Issuer shall not be obligated to comply with this covenant if it obtains an opinion that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest.

(e) Disposition of Project. The Issuer covenants that the Projects will not be sold or otherwise disposed in a transaction resulting in the receipt by the Issuer of cash or other compensation, unless any action taken in connection with such disposition will not adversely affect the tax-exempt status of the Certificates. For purposes of the foregoing, the Issuer may rely on an opinion of nationally-recognized bond counsel that the action taken in connection with such sale or other disposition will not adversely affect the tax-exempt status of the Certificates. For purposes of the foregoing, the portion of the property comprising personal property and disposed in the ordinary course shall not be treated as a transaction resulting in the receipt of cash or other compensation. For purposes hereof, the Issuer shall not be obligated to comply with this covenant if it obtains a legal opinion that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest.

(f) Procedures to Monitor Compliance with Tax Covenants. The City hereby adopts the procedures attached hereto as **Exhibit B** as a means of monitoring compliance with the federal tax covenants made herein.

Section 10. SALE OF CERTIFICATES AND APPROVAL OF OFFICIAL STATEMENT; FURTHER PROCEDURES; APPLICATION OF PREMIUM FROM SALE OF CERTIFICATES.

(a) The Certificates are hereby sold and shall be delivered to [] (the "*Underwriter*") for the purchase price of \$[] representing the aggregate principal amount of the Certificates, plus an aggregate reoffering premium of \$[] less an underwriter's discount of \$[], pursuant to the terms and provisions of a Notice of Sale and Bid Form, in substantially the form presented at this meeting, which the Mayor or Mayor Pro Tem is hereby authorized to execute and deliver. It is hereby officially found, determined, and declared that the terms of this sale are the most advantageous reasonably obtainable. The Initial Certificate shall be registered in the name of the [].

(b) The Issuer hereby approves the form and content of the Official Statement relating to the Certificates and any addenda, supplement or amendment thereto, and approves the distribution of such Official Statement in the reoffering of the Certificates by the Purchaser in final form, with such changes

therein or additions thereto as the officer executing the same may deem advisable, such determination to be conclusively evidenced by his execution thereof. The distribution and use of the Preliminary Official Statement, prior to the date hereof is hereby ratified and confirmed.

(c) The Mayor, Mayor Pro Tem, City Manager, Finance Administrator, and City Secretary shall be and they are hereby expressly authorized, empowered and directed from time to time and at any time to do and perform all such acts and things and to execute, acknowledge and deliver in the name and under the corporate seal and on behalf of the Issuer a Paying Agent/Registrar Agreement with the Paying Agent/Registrar and all other instruments, whether or not herein mentioned, as may be necessary or desirable in order to carry out the terms and provisions of this Ordinance, the Certificates, the sale of the Certificates and the Official Statement. In case any officer whose signature shall appear on any Certificate shall cease to be such officer before the delivery of such Certificate, such signature shall nevertheless be valid and sufficient for all purposes the same as if such officer had remained in office until such delivery.

(d) The Certificates have an aggregate premium of \$[] and which shall be allocated as follows:

- (i) the amount of \$[] shall be applied to pay costs of issuance of the Certificates;
- (ii) the amount of \$[] shall be deposited into the Construction Fund established by Section 12 of this Ordinance;
- (iii) the amount of \$[] shall be applied to pay the underwriting spread; and
- (iv) excess premium in the amount of \$[] shall be deposited to the Interest and Sinking Fund.

Section 11. INTEREST EARNINGS ON CERTIFICATE PROCEEDS. Interest earnings derived from the investment of proceeds from the sale of the Certificates shall be used along with other certificate proceeds for the Project; provided that after completion of such purpose, if any of such interest earnings remain on hand, such interest earnings shall be deposited in the Interest and Sinking Fund. It is further provided, however, that any interest earnings on certificate proceeds that are required to be rebated to the United States of America pursuant to Section 9 hereof in order to prevent the Certificates from being arbitrage bonds shall be so rebated and not considered as interest earnings for the purposes of this Section.

Section 12. CONSTRUCTION FUND.

(a) The Issuer hereby creates and establishes and shall maintain on the books of the Issuer a separate fund to be entitled the "Series 2024B Certificate of Obligation Construction Fund" for use by the Issuer for payment of all lawful costs associated with the Project as hereinbefore provided. Proceeds of the Certificates in the amount of \$[] shall be deposited into the Construction Fund, other than amounts paid at closing for issuance costs. Upon payment of all such Project costs, any moneys remaining on deposit in said Fund shall be transferred to the Interest and Sinking Fund. Amounts so deposited to the Interest and Sinking Fund shall be used in the manner described in Section 5 of this Ordinance.

(b) The Issuer may place proceeds of the Certificates (including investment earnings thereon) and amounts deposited into the Interest and Sinking Fund in investments authorized by the Public Funds Investment Act, Chapter 2256, Texas Government Code, as amended; provided, however, that the Issuer hereby covenants that the proceeds of the sale of the Certificates will be used as soon as practicable for the purposes for which the Certificates are issued.

(c) All deposits authorized or required by this Ordinance shall be secured to the fullest extent required by law for the security of public funds.

Section 13. COMPLIANCE WITH RULE 15c2-12.

(a) Definitions. That as used in this Section, the following terms have the meanings ascribed to such terms below:

“Financial Obligation” means a: (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) a guarantee of the foregoing (a) and (b). The term Financial Obligation does not include any municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

"MSRB" means the Municipal Securities Rulemaking Board.

"Rule" means SEC Rule 15c2-12, as amended from time to time.

"SEC" means the United States Securities and Exchange Commission.

(b) Annual Reports.

(i) The Issuer shall provide annually to the MSRB, in the electronic format prescribed by the MSRB certain updated financial information and operating data pertaining to the Issuer, being the following: (i) the Issuer's annual financial audit report; and (ii) the information found in Tables 1-4, 11-15 and 19-20 in Appendix A in the Official Statement for the Certificates. The Issuer will update and provide the information in Tables 1-4, 11-15 and 19-20 in Appendix A in the Official Statement within six months after the end of each fiscal year ending in and after 2024. The Issuer will additionally provide its annual financial audit report when and if available, and in any event, within 12 months after the end of each fiscal year ending in or after 2024. If the annual financial audit report is not complete within 12 months after any such fiscal year end, then the Issuer will file unaudited financial statements within such 12-month period and audited financial statements for the applicable fiscal year, when and if the audit report on such statements becomes available.

(ii) Any financial information so to be provided shall be (i) prepared in accordance with the accounting principles described in the financial statements of the Issuer appended to the Official Statement, or such other accounting principles as the Issuer may be required to employ from time to time pursuant to state law or regulation, and (ii) audited, if the Issuer commissions an audit of such statements and the audit is completed within the period during which they must be provided.

(iii) If the Issuer changes its fiscal year, it will notify the MSRB of the change (and of the date of the new fiscal year end) prior to the next date by which the Issuer otherwise would be required to provide financial information and operating data pursuant to this Section. The financial information and operating data to be provided pursuant to this Section may be set forth in full in one or more documents or may be included by specific reference to any document that is available to the public on the MSRB's internet website or filed with the SEC. All documents provided to the MSRB pursuant to this Section shall be accompanied by identifying information as prescribed by the MSRB.

(c) Event Notices. The Issuer shall notify the MSRB in an electronic format as prescribed by the MSRB, in a timely manner (but not in excess of ten business days after the occurrence of the event) of any of the following events with respect to the Certificates:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions or the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Certificates, or other material events affecting the tax status of the Certificates;
7. Modifications to rights of Certificateholders, if material;
8. Certificate calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution, or sale of property securing repayment of the Certificates, if material;
11. Rating changes;
12. Bankruptcy, insolvency, receivership or similar event of an obligated person (which is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the Issuer in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer);
13. The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material.
15. Incurrence of a Financial Obligation of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the City, any of which affect Bondholders, if material;
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the City, any of which reflect financial difficulties.

The Issuer shall notify the MSRB, in a timely manner, of any failure by the Issuer to provide financial information or operating data in accordance with subsection (b) of this Section by the time required by such subsection.

(d) Limitations, Disclaimers, and Amendments.

(i) The Issuer shall be obligated to observe and perform the covenants specified in this Section for so long as, but only for so long as, the Issuer remains an "obligated person" with respect to the Certificates within the meaning of the Rule, except that the Issuer in any event will give notice of any deposit made in accordance with this Ordinance or applicable law that causes Certificates no longer to be outstanding.

(ii) The provisions of this Section are for the sole benefit of the registered owners and beneficial owners of the Certificates, and nothing in this Section, express or implied, shall give any benefit or any legal or equitable right, remedy, or claim hereunder to any other person. The Issuer undertakes to provide only the financial information, operating data, financial statements, and notices which it has expressly agreed to provide pursuant to this Section and does not hereby undertake to provide any other information that may be relevant or material to a complete presentation of the Issuer's financial results, condition, or prospects or hereby undertake to update any information provided in accordance with this Section or otherwise, except as expressly provided herein. The Issuer does not make any representation or warranty concerning such information or its usefulness to a decision to invest in or sell Certificates at any future date.

(iii) UNDER NO CIRCUMSTANCES SHALL THE ISSUER BE LIABLE TO THE REGISTERED OWNER OR BENEFICIAL OWNER OF ANY CERTIFICATE OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY THE ISSUER, WHETHER NEGLIGENT OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS SECTION, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR MANDAMUS OR SPECIFIC PERFORMANCE.

(iv) No default by the Issuer in observing or performing its obligations under this Section shall comprise a breach of or default under this Ordinance for purposes of any other provision of this Ordinance. Nothing in this Section is intended or shall act to disclaim, waive, or otherwise limit the duties of the Issuer under federal and state securities laws.

(v) Should the Rule be amended to obligate the Issuer to make filings with or provide notices to entities other than the MSRB, the Issuer hereby agrees to undertake such obligation with respect to the Certificates in accordance with the Rule as amended. The provisions of this Section may be amended by the Issuer from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the Issuer, but only if (1) the provisions of this Section, as so amended, would have permitted an underwriter to purchase or sell Certificates in the primary offering of the Certificates in compliance with the Rule, taking into account any amendments or interpretations of the Rule since such offering as well as such changed circumstances and (2) either (a) the registered owners of a majority in aggregate principal amount (or any greater amount required by any other provision of this Ordinance that authorizes such an amendment) of the outstanding Certificates consent to such amendment or (b) a person that is unaffiliated with the Issuer (such as nationally recognized bond counsel) determined that such amendment will not materially impair the interest of the registered owners and beneficial owners of the Certificates. If the Issuer so amends the provisions of this Section, it shall include with any amended financial information or operating data next provided in accordance with subsection (b) of this Section an explanation, in narrative form, of the reason for the amendment and of the impact of any change in the type of financial information or operating data so provided. The Issuer may also amend or repeal the provisions of this continuing

disclosure agreement if the SEC amends or repeals the applicable provision of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Certificates in the primary offering of the Certificates.

Section 14. METHOD OF AMENDMENT. The Issuer hereby reserves the right to amend this Ordinance subject to the following terms and conditions, to-wit:

(a) The Issuer may from time to time, without the consent of any holder, except as otherwise required by paragraph (b) below, amend or supplement this Ordinance in order to (i) cure any ambiguity, defect or omission in this Ordinance that does not materially adversely affect the interests of the holders, (ii) grant additional rights or security for the benefit of the holders, (iii) add events of default as shall not be inconsistent with the provisions of this Ordinance and that shall not materially adversely affect the interests of the holders, (iv) qualify this Ordinance under the Trust Indenture Act of 1939, as amended, or corresponding provisions of federal laws from time to time in effect, or (v) make such other provisions in regard to matters or questions arising under this Ordinance as shall not be inconsistent with the provisions of this Ordinance and that shall not in the opinion of the Issuer's Bond Counsel materially adversely affect the interests of the holders.

(b) Except as provided in paragraph (a) above, the holders of Certificates aggregating in principal amount 51% of the aggregate principal amount of then outstanding Certificates that are the subject of a proposed amendment shall have the right from time to time to approve any amendment hereto that may be deemed necessary or desirable by the Issuer; provided, however, that without the consent of 100% of the holders in aggregate principal amount of the then outstanding Certificates, nothing herein contained shall permit or be construed to permit amendment of the terms and conditions of this Ordinance or in any of the Certificates so as to:

- (1) Make any change in the maturity of any of the outstanding Certificates;
- (2) Reduce the rate of interest borne by any of the outstanding Certificates;
- (3) Reduce the amount of the principal payable on any outstanding Certificates;
- (4) Modify the terms of payment of principal or of interest on outstanding Certificates or any of them or impose any condition with respect to such payment; or
- (5) Change the minimum percentage of the principal amount of any series of Certificates necessary for consent to such amendment.

(c) If at any time the Issuer shall desire to amend this Ordinance under subsection (b) of this Section, the Issuer shall send by U.S. mail to each registered owner of the affected Certificates a copy of the proposed amendment and cause notice of the proposed amendment to be published at least once in a financial publication published in The City of New York, New York or in the State of Texas. Such published notice shall briefly set forth the nature of the proposed amendment and shall state that a copy thereof is on file at the office of the Issuer for inspection by all holders of such Certificates.

(d) Whenever at any time within one year from the date of publication of such notice the Issuer shall receive an instrument or instruments executed by the holders of at least 51% in aggregate principal amount of all of the Certificates then outstanding that are required for the amendment, which instrument or instruments shall refer to the proposed amendment and that shall specifically consent to and approve such amendment, the Issuer may adopt the amendment in substantially the same form.

(e) Upon the adoption of any amendatory Ordinance pursuant to the provisions of this Section, this Ordinance shall be deemed to be modified and amended in accordance with such amendatory Ordinance, and the respective rights, duties, and obligations of the Issuer and all holders of such affected Certificates shall thereafter be determined, exercised, and enforced, subject in all respects to such amendment.

(f) Any consent given by the holder of a Certificate pursuant to the provisions of this Section shall be irrevocable for a period of six months from the date of the publication of the notice provided for in this Section, and shall be conclusive and binding upon all future holders of the same Certificate during such period. Such consent may be revoked at any time after six months from the date of the publication of said notice by the holder who gave such consent, or by a successor in title, by filing notice with the Issuer, but such revocation shall not be effective if the holders of 51% in aggregate principal amount of the affected Certificates then outstanding, have, prior to the attempted revocation, consented to and approved the amendment.

(g) For the purposes of establishing ownership of the Certificates, the Issuer shall rely solely upon the registration of the ownership of such Certificates on the registration books kept by the Paying Agent/Registrar.

Section 15. DEFAULT AND REMEDIES

(a) Events of Default. Each of the following occurrences or events for the purpose of this Ordinance is hereby declared to be an Event of Default:

(i) the failure to make payment of the principal of or interest on any of the Certificates when the same becomes due and payable; or

(ii) default in the performance or observance of any other covenant, agreement or obligation of the City, the failure to perform which materially, adversely affects the rights of the registered owners of the Certificates, including, but not limited to, their prospect or ability to be repaid in accordance with this Ordinance, and the continuation thereof for a period of 60 days after notice of such default is given by any Registered Owner to the City.

(b) Remedies for Default.

(i) Upon the happening of any Event of Default, then and in every case, any Registered Owner or an authorized representative thereof, including, but not limited to, a trustee or trustees therefor, may proceed against the City for the purpose of protecting and enforcing the rights of the Registered Owners under this Ordinance, by mandamus or other suit, action or special proceeding in equity or at law, in any court of competent jurisdiction, for any relief permitted by law, including the specific performance of any covenant or agreement contained herein, or thereby to enjoin any act or thing that may be unlawful or in violation of any right of the Registered Owners hereunder or any combination of such remedies.

(ii) It is provided that all such proceedings shall be instituted and maintained for the equal benefit of all Registered Owners of Certificates then outstanding.

(c) Remedies Not Exclusive.

(i) No remedy herein conferred or reserved is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or under the Certificates or now or hereafter existing at law or in equity; provided, however, that notwithstanding any other provision of this Ordinance, the right to accelerate the debt evidenced by the Certificates shall not be available as a remedy under this Ordinance.

(ii) The exercise of any remedy herein conferred or reserved shall not be deemed a waiver of any other available remedy.

(iii) By accepting the delivery of a Certificate authorized under this Ordinance, such Registered Owner agrees that the certifications required to effectuate any covenants or representations contained in this Ordinance do not and shall never constitute or give rise to a personal or pecuniary liability or charge against the officers, employees or trustees of the City or the City Council.

Section 16. EFFECTIVE DATE. In accordance with the provisions of Texas Government Code, Section 1201.028, this Ordinance shall be effective immediately upon its adoption by the City Council.

Section 17. APPROPRIATION. To pay the debt service coming due on the Certificates prior to receipt of the taxes levied to pay such debt service, there is hereby appropriated from current funds on hand, which are hereby certified to be on hand and available for such purpose, an amount sufficient to pay such debt service, and such amount shall be used for no other purpose.

Section 18. SEVERABILITY. If any section, article, paragraph, sentence, clause, phrase or word in this Ordinance, or application thereof to any persons or circumstances is held invalid or unconstitutional by a court of competent jurisdiction, such holding shall not affect the validity of the remaining portion of this Ordinance, despite such invalidity, which remaining portions shall remain in full force and effect.

EXHIBIT A

FORM OF CERTIFICATES.

(a) The form of the Certificates, including the form of Paying Agent/Registrar's Authentication Certificate, the form of Assignment and the form of Registration Certificate of the Comptroller of Public Accounts of the State of Texas to be attached to the Certificates initially issued and delivered pursuant to this Ordinance, shall be, respectively, substantially as follows, with such appropriate variations, omissions or insertions as are permitted or required by this Ordinance.

NO. R-__	UNITED STATES OF AMERICA STATE OF TEXAS CITY OF ROANOKE, TEXAS COMBINATION TAX AND REVENUE CERTIFICATE OF OBLIGATION SERIES 2024B	PRINCIPAL AMOUNT \$ _____
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<u>INTEREST RATE</u>	<u>DELIVERY DATE</u>	<u>MATURITY DATE</u>	<u>CUSIP NO.</u>
	October 15, 2024	August 15, _____	

REGISTERED OWNER:

PRINCIPAL AMOUNT:

ON THE MATURITY DATE specified above, the City of Roanoke, in Denton and Tarrant Counties, Texas (the "Issuer"), being a political subdivision and municipal corporation of the State of Texas, hereby promises to pay to the Registered Owner specified above, or registered assigns (hereinafter called the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above. The Issuer promises to pay interest on the unpaid principal amount hereof (calculated on the basis of a 360-day year of twelve 30-day months) from the Delivery Date above at the Interest Rate per annum specified above. Interest is payable on February 15 and August 15 of each year, commencing February 15, 2025, to the Maturity Date specified above or the date of redemption prior to maturity; except, if this Certificate is required to be authenticated and the date of its authentication is later than the first Record Date (hereinafter defined), such Principal Amount shall bear interest from the interest payment date next preceding the date of authentication, unless such date of authentication is after any Record Date but on or before the next following interest payment date, in which case such principal amount shall bear interest from such next following interest payment date; provided, however, that if on the date of authentication hereof the interest on the Certificate or Certificates, if any, for which this Certificate is being exchanged is due but has not been paid, then this Certificate shall bear interest from the date to which such interest has been paid in full.

THE PRINCIPAL OF AND INTEREST ON this Certificate are payable in lawful money of the United States of America, without exchange or collection charges. The principal of this Certificate shall be paid to the registered owner hereof upon presentation and surrender of this Certificate at maturity, or upon the date fixed for its redemption prior to maturity, at the principal corporate trust office of U.S. Bank Trust Company National Association, Dallas, Texas, which is the "Paying Agent/Registrar" for this Certificate. The payment of interest on this Certificate shall be made by the Paying Agent/Registrar to the registered owner hereof on each interest payment date by check or draft, dated as of such interest payment date, drawn by the Paying Agent/Registrar on, and payable solely from, funds of the Issuer required by the ordinance authorizing the issuance of this Certificate (the "Certificate Ordinance") to be on deposit with the

Paying Agent/Registrar for such purpose as hereinafter provided; and such check or draft shall be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid, on each such interest payment date, to the registered owner hereof, at its address as it appeared on the last business day of the month preceding each such date (the "Record Date") on the Registration Books kept by the Paying Agent/Registrar, as hereinafter described. In addition, interest may be paid by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the registered owner. In the event of a non-payment of interest on a scheduled payment date, and for 30 days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the Issuer. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which shall be 15 days after the Special Record Date) shall be sent at least five business days prior to the Special Record Date by United States mail, first-class postage prepaid, to the address of each owner of a Certificate appearing on the Registration Books at the close of business on the last business day next preceding the date of mailing of such notice.

ANY ACCRUED INTEREST due at maturity or upon the redemption of this Certificate prior to maturity as provided herein shall be paid to the registered owner upon presentation and surrender of this Certificate for redemption and payment at the principal corporate trust office of the Paying Agent/Registrar. The Issuer covenants with the registered owner of this Certificate that on or before each principal payment date, interest payment date, and accrued interest payment date for this Certificate it will make available to the Paying Agent/Registrar, from the "Interest and Sinking Fund" created by the Certificate Ordinance, the amounts required to provide for the payment, in immediately available funds, of all principal of and interest on the Certificates, when due.

IF THE DATE for the payment of the principal of or interest on this Certificate shall be a Saturday, Sunday, a legal holiday or a day on which banking institutions in the city where the principal corporate trust office of the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day that is not such a Saturday, Sunday, legal holiday or day on which banking institutions are authorized to close; and payment on such date shall have the same force and effect as if made on the original date payment was due.

THIS CERTIFICATE is one of a series of Certificates dated October 15, 2024, authorized in accordance with the Constitution and laws of the State of Texas in the principal amount of \$[par] for paying all or a portion of the Issuer's contractual obligations incurred in connection with: (1) water system improvements consisting of a storage tank and related water system infrastructure and (2) paying fees for legal, fiscal, engineering, architectural and other professional services in connection with these projects (collectively, the "Project").

ON AUGUST 15, 2033 or any date thereafter, the Certificates of this series may be redeemed prior to their scheduled maturities, at the option of the Issuer, with funds derived from any available and lawful source, as a whole, or in part, and, if in part, the particular Certificates, or portions thereof, to be redeemed shall be selected and designated by the Issuer (provided that a portion of a Certificate may be redeemed only in an integral multiple of \$5,000), at a redemption price equal to the principal amount to be redeemed plus accrued interest to the date fixed for redemption.

THE CERTIFICATES scheduled to mature on August 15, 20[] (the "*Term Certificates*") are subject to scheduled mandatory redemption by the Paying Agent/Registrar by lot, or by any other customary method that results in a random selection, at a price equal to the principal amount thereof, plus accrued interest to the redemption date, out of moneys available for such purpose in the interest and sinking fund for the Certificates, on each August 15 of the years and in the respective principal amounts, set forth in the following schedule:

Term Certificates due August 15, 20:

Mandatory Redemption Date: 8/15/20	Principal Amount: \$,000.00
Mandatory Redemption Date: 8/15/20	Principal Amount: \$,000.00
Mandatory Redemption Date: 8/15/20*	Principal Amount: \$,000.00

* Maturity

The principal amount of Term Certificates of a stated maturity required to be redeemed on any mandatory redemption date pursuant to the operation of the mandatory sinking fund redemption provisions shall be reduced, at the option of the Issuer, by the principal amount of any Term Certificates of the same maturity which, at least 50 days prior to a mandatory redemption date (1) shall have been acquired by the Issuer at a price not exceeding the principal amount of such Term Certificates plus accrued interest to the date of purchase thereof, and delivered to the Paying Agent/Registrar for cancellation, (2) shall have been purchased and canceled by the Paying Agent/Registrar at the request of the Issuer at a price not exceeding the principal amount of such Term Certificates plus accrued interest to the date of purchase, or (3) shall have been redeemed pursuant to the optional redemption provisions and not theretofore credited against a mandatory redemption requirement.

AT LEAST THIRTY days prior to the date fixed for any redemption of Certificates or portions thereof prior to maturity a written notice of such redemption shall be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid to the registered owner of each Certificate to be redeemed at its address as it appeared on the 45th day prior to such redemption date; provided, however, that the failure of the registered owner to receive such notice, or any defect therein or in the sending or mailing thereof, shall not affect the validity or effectiveness of the proceedings for the redemption of any Certificate. By the date fixed for any such redemption due provision shall be made with the Paying Agent/Registrar for the payment of the required redemption price for the Certificates or portions thereof that are to be so redeemed. If such written notice of redemption is sent and if due provision for such payment is made, all as provided above, the Certificates or portions thereof that are to be so redeemed thereby automatically shall be treated as redeemed prior to their scheduled maturities, and they shall not bear interest after the date fixed for redemption, and they shall not be regarded as being outstanding except for the right of the registered owner to receive the redemption price from the Paying Agent/Registrar out of the funds provided for such payment. If a portion of any Certificate shall be redeemed, a substitute Certificate or Certificates having the same maturity date, bearing interest at the same rate, in any denomination or denominations in any integral multiple of \$5,000, at the written request of the registered owner, and in aggregate principal amount equal to the unredeemed portion thereof, will be issued to the registered owner upon the surrender thereof for cancellation, at the expense of the Issuer, all as provided in the Certificate Ordinance.

IF AT THE TIME OF MAILING OF NOTICE OF REDEMPTION there shall not have either been deposited with the Paying Agent/Registrar or legally authorized escrow agent immediately available funds sufficient to redeem all the Certificates called for redemption, such notice may state that it is conditional, and is subject to the deposit of the redemption moneys with the Paying Agent/Registrar or legally authorized escrow agent at or prior to the redemption date, and such notice shall be of no effect unless such moneys are so deposited on or prior to the redemption date. If such redemption is not effectuated, the Paying Agent/Registrar shall, within five days thereafter, give notice in the way the notice of redemption was given that such money was not so received and shall rescind the redemption.

ALL CERTIFICATES OF THIS SERIES are issuable solely as fully registered certificates, without interest coupons, in the principal denomination of any integral multiple of \$5,000. As provided in the Certificate Ordinance, this Certificate may, at the request of the registered owner or the assignee or assignees hereof, be assigned, transferred, converted into and exchanged for a like aggregate principal

amount of fully registered certificates, without interest coupons, payable to the appropriate registered owner, assignee or assignees, as the case may be, having the same denomination or denominations in any integral multiple of \$5,000 as requested in writing by the appropriate registered owner, assignee or assignees, as the case may be, upon surrender of this Certificate to the Paying Agent/Registrar for cancellation, all in accordance with the form and procedures set forth in the Certificate Ordinance. Among other requirements for such assignment and transfer, this Certificate must be presented and surrendered to the Paying Agent/Registrar, together with proper instruments of assignment, in form and with guarantee of signatures satisfactory to the Paying Agent/Registrar, evidencing assignment of this Certificate or any portion or portions hereof in any integral multiple of \$5,000 to the assignee or assignees in whose name or names this Certificate or any such portion or portions hereof is or are to be registered. The form of Assignment printed or endorsed on this Certificate may be executed by the registered owner to evidence the assignment hereof, but such method is not exclusive, and other instruments of assignment satisfactory to the Paying Agent/Registrar may be used to evidence the assignment of this Certificate or any portion or portions hereof from time to time by the registered owner. The Paying Agent/Registrar's reasonable standard or customary fees and charges for assigning, transferring, converting and exchanging any Certificate or portion thereof will be paid by the Issuer. In any circumstance, any taxes or governmental charges required to be paid with respect thereto shall be paid by the one requesting such assignment, transfer, conversion or exchange, as a condition precedent to the exercise of such privilege. The Paying Agent/Registrar shall not be required to make any such transfer, conversion, or exchange (i) during the period commencing with the close of business on any Record Date and ending with the opening of business on the next following principal or interest payment date or (ii) with respect to any Certificate or any portion thereof called for redemption prior to maturity, within 45 days prior to its redemption date

IN THE EVENT any Paying Agent/Registrar for the Certificates is changed by the Issuer, resigns, or otherwise ceases to act as such, the Issuer has covenanted in the Certificate Ordinance that it promptly will appoint a competent and legally qualified substitute therefor, and cause written notice thereof to be mailed to the registered owners of the Certificates.

IT IS HEREBY certified, recited and covenanted that this Certificate has been duly and validly authorized, issued and delivered; that all acts, conditions and things required or proper to be performed, exist and be done precedent to or in the authorization, issuance and delivery of this Certificate have been performed, existed and been done in accordance with law; that annual ad valorem taxes sufficient to provide for the payment of the interest on and principal of this Certificate, as such interest comes due and such principal matures, have been levied and ordered to be levied against all taxable property in said Issuer, and have been pledged for such payment, within the limit prescribed by law, and that this Certificate is additionally secured by and payable from a pledge of the Surplus Revenues of the Issuer's waterworks and sewer system remaining after payment of all operation and maintenance expenses thereof, and all debt service, reserve and other requirements in connection with all of the Issuer's revenue obligations (now or hereafter outstanding) that are payable from all or part of said Surplus Revenues of the Issuer's waterworks and sewer system, all as provided in the Certificate Ordinance.

THE ISSUER HAS RESERVED THE RIGHT to amend the Certificate Ordinance as provided therein, and under some (but not all) circumstances amendments thereto must be approved by the registered owners of a majority in aggregate principal amount of the outstanding Certificates.

BY BECOMING the registered owner of this Certificate, the registered owner thereby acknowledges all of the terms and provisions of the Certificate Ordinance, agrees to be bound by such terms and provisions, acknowledges that the Certificate Ordinance is duly recorded and available for inspection in the official minutes and records of the governing body of the Issuer, and agrees that the terms and provisions of this Certificate and the Certificate Ordinance constitute a contract between each registered owner hereof and the Issuer.

IN WITNESS WHEREOF, the Issuer has caused this Certificate to be signed with the manual or facsimile signature of the Mayor of the Issuer and countersigned with the manual or facsimile signature of the City Secretary of said Issuer, and has caused the official seal of the Issuer to be duly impressed, or placed in facsimile, on this Certificate.

(signature)
City Secretary

(signature)
Mayor

(SEAL)

PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE
(To be executed if this Certificate is not accompanied by an executed Registration
Certificate of the Comptroller of Public Accounts of the State of Texas)

It is hereby certified that this Certificate has been issued under the provisions of the Certificate Ordinance described in the text of this Certificate; and that this Certificate has been issued in conversion or replacement of, or in exchange for, a certificate, certificates, or a portion of a certificate or certificates of a series that originally was approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts of the State of Texas.

Dated: _____.

U.S. Bank Trust Company, National Association
Dallas, Texas
Paying Agent/Registrar

By: _____
Authorized Representative

ASSIGNMENT

For value received, the undersigned hereby sells, assigns and transfers unto:

Please insert Social Security or Taxpayer Identification Number of Transferee

Please print or type name and address, including zip code of Transferee

the within Certificate and all rights thereunder, and hereby irrevocably constitutes and appoints: _____, attorney, to register the transfer of the within Certificate on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____.

Signature Guaranteed:

NOTICE: Signature(s) must be guaranteed by an eligible guarantor institution participating in a

NOTICE: The signature above must correspond with the name of the registered owner as it appears upon the front of this Certificate in every particular,

securities transfer association recognized signature
guarantee program.

without alteration or enlargement or any change
whatsoever.

COMPTROLLER'S REGISTRATION CERTIFICATE: REGISTER NO. _____

I hereby certify that there is on file and of record in my office a true and correct copy of the opinion of the Attorney General of the State of Texas approving this Certificate and that this Certificate has been registered this day by me.

Witness my signature and seal this _____.

Comptroller of Public Accounts of the State of Texas

(COMPTROLLER'S SEAL)

(b) Initial Certificate Insertions

(i) The initial Certificate shall be in the form set forth in paragraph (a) of this Section, except that:

A. immediately under the name of the Certificate, the headings "Interest Rate" and "Maturity Date" shall both be completed with the words "As shown below" and "CUSIP No. _____" shall be deleted.

B. the first paragraph shall be deleted and the following will be inserted:

"THE CITY OF ROANOKE, TEXAS, in Denton and Tarrant Counties, Texas (the "Issuer"), being a political subdivision and municipal corporation of the State of Texas, hereby promises to pay to the Registered Owner specified above, or registered assigns (hereinafter called the "Registered Owner"), on the Maturity Dates, in the Principal Amounts and bearing interest at the Interest Rates per annum set forth in the following schedule:

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rates</u>
[]		

The Issuer promises to pay interest on the unpaid principal amount hereof (calculated on the basis of a 360-day year of twelve 30-day months) from the Delivery Date above, at the respective Interest Rate per annum specified above. Interest is payable on February 15 and August 15 of each year, commencing February 15, 2025, to the date of payment of the principal installment specified above or the date of redemption prior to maturity; except, that if this Certificate is required to be authenticated and the date of its authentication is later than the first Record Date (hereinafter defined), such Principal Amount shall bear interest from the interest payment date next preceding the date of authentication, unless such date of authentication is after any Record Date but on or before the next following interest payment date, in which case such principal amount shall bear interest from such next following interest payment date; provided, however, that if on the date of authentication hereof the interest on the Certificate or Certificates, if any, for which this Certificate is being exchanged is due but has not been paid, then this Certificate shall bear interest from the date to which such interest has been paid in full."

C. The Initial Certificate shall be numbered "T-1."

EXHIBIT B

WRITTEN PROCEDURES FOR FEDERAL TAX COMPLIANCE

These procedures, together with any federal tax certifications, provisions included in the order, ordinance or resolution (the "Authorizing Document") authorizing the issuance and sale of any tax-exempt debt such as the Certificates (the "Obligations"), letters of instructions and/or memoranda from bond counsel and any attachments thereto (the "Closing Documents"), are intended to assist the Issuer in complying with federal guidelines related to the issuance of such Obligations.

I. Arbitrage Compliance. Federal income tax laws generally restrict the ability to earn arbitrage in connection with the Obligations. The Issuer's Finance Administrator (such officer, together with other employees of the Issuer who report to or such officer, is collectively, the "Responsible Person") will review the Closing Documents periodically (at least once a year) to ascertain if an exception to arbitrage compliance applies.

1. Procedures applicable to Obligations issued for construction and acquisition purposes. With respect to the investment and expenditure of the proceeds of the Obligations that are issued to finance public improvements or to acquire land or personal property, the Responsible Person will:
 - a. Instruct the appropriate person who is primarily responsible for the construction, renovation or acquisition of the facilities financed with the Obligations (the "Project") that (i) binding contracts for the expenditure of at least 5% of the proceeds of the Obligations must be entered into within 6 months of the date of closing of the Obligations (the "Issue Date") and that (ii) the Project must proceed with due diligence to completion;
 - b. Monitor that at least 85% of the proceeds of the Obligations to be used for the construction, renovation or acquisition of the Project are expended within 3 years of the Issue Date;
 - c. Monitor the yield on the investments purchased with proceeds of the Obligations and restrict the yield of such investments to the yield on the Obligations after 3 years from the Issue Date; and
 - d. To the extent that there are any unspent proceeds of the Obligations at the time the Obligations are refunded, or if there are unspent proceeds of the Obligations that are being refunded by a new issuance of Obligations, the Responsible Person shall continue monitoring the expenditure of such unspent proceeds to ensure compliance with federal tax law with respect to both the refunded Obligations and any Obligations being issued for refunding purposes.
2. Procedures applicable to Obligations with a debt service reserve fund. In addition to the foregoing, if the Issuer issues Obligations that are secured by a debt service reserve fund, the Responsible Person will assure that the maximum amount of any reserve fund for the Obligations invested at a yield higher than the yield on the Obligations will not exceed the lesser of (1) 10% of the principal amount of the Obligations, (2) 125% of the average annual debt service on the Obligations measured as of the Issue Date, or (3) 100% of the maximum annual debt service on the Obligations as of the Issue Date.
3. Procedures applicable to Escrow Accounts for Refunding Obligations. In addition to the foregoing, if the Issuer issues Obligations and proceeds are deposited to an escrow fund to be administered pursuant to the terms of an escrow agreement, the Responsible Person will:
 - a. Monitor the actions of the escrow agent to ensure compliance with the applicable provisions of the escrow agreement, including with respect to reinvestment of cash balances;

- b. Contact the escrow agent on the date of redemption of obligations being refunded to ensure that they were redeemed; and
 - c. Monitor any unspent proceeds of the refunded obligations to ensure that the yield on any investments applicable to such proceeds are invested at the yield on the applicable obligations or otherwise applied (see Closing Documents).
- 4. Procedures applicable to all Tax-Exempt Obligation Issues. For all issuances of Obligations, the Responsible Person will:
 - a. Maintain any official action of the Issuer (such as a reimbursement resolution) stating the Issuer's intent to reimburse with the proceeds of the Obligations any amount expended prior to the Issue Date for the acquisition, renovation or construction of the Project;
 - b. Ensure that the applicable information return (e.g., U.S. Internal Revenue Service ("IRS") Form 8038-G, 8038-GC, or any successor forms) is timely filed with the IRS;
 - c. Assure that, unless excepted from rebate and yield restriction under section 148(f) of the Internal Revenue Code of 1986, as amended, excess investment earnings are computed and paid to the U.S. government at such time and in such manner as directed by the IRS (i) at least every 5 years after the Issue Date and (ii) within 30 days after the date the Obligations are retired;
 - d. Monitor all amounts deposited into a sinking fund or funds pledged (directly or indirectly) to the payment of the Obligations, such as the Interest and Sinking Fund, to assure that the maximum amount invested within such applicable fund at a yield higher than the yield on the Obligations does not exceed an amount equal to the debt service on the Obligations in the succeeding 12 month period plus a carryover amount equal to one-twelfth of the principal and interest payable on the Obligations for the immediately preceding 12-month period; and
 - e. Ensure that no more than 50% of the proceeds of the Obligations are invested in an investment with a guaranteed yield for 4 years or more.

II. Private Business Use. Generally, to be tax-exempt, only an insignificant amount of the proceeds of each issue of Obligations can benefit (directly or indirectly) private businesses. The Responsible Person will review the Closing Documents periodically (at least once a year) for the purpose of determining that the use of the Project financed or refinanced with the proceeds of the Obligations does not violate provisions of federal tax law that pertain to private business use. In addition, the Responsible Person will:

- 1. Develop procedures or a "tracking system" to identify all property financed with Obligations;
- 2. Monitor and record the date on which the Project is substantially complete and available to be used for the purpose intended;
- 3. Monitor and record whether, at any time the Obligations are outstanding, any person, other than the Issuer, the employees of the Issuer, the agents of the Issuer or members of the general public:
 - a. has any contractual right (such as a lease, purchase, management or other service agreement) with respect to any portion of the Project;
 - b. has a right to use the output of the Project (e.g., water, gas, electricity); or
 - c. has a right to use the Project to conduct or to direct the conduct of research;
- 4. Monitor and record whether, at any time the Obligations are outstanding, any person, other than the Issuer, has a naming right for the Project or any other contractual right granting an intangible benefit;
- 5. Monitor and record whether, at any time the Obligations are outstanding, the Project, or any portion thereof, is sold or otherwise disposed of; and
- 6. Take such action as is necessary to remediate any failure to maintain compliance with the covenants contained in the Authorizing Document related to the public use of the Project.

III. Record Retention. The Responsible Person will maintain or cause to be maintained all records relating to the investment and expenditure of the proceeds of the Obligations and the use of the Project financed or refinanced thereby for a period ending three (3) years after the complete extinguishment of the Obligations. If any portion of the Obligations is refunded with the proceeds of another series of Obligations, such records shall be maintained until the three (3) years after the refunding Obligations mature or are otherwise paid off. Such records can be maintained in paper or electronic format.

IV. Responsible Person. A Responsible Person shall receive appropriate training regarding the Issuer's accounting system, contract intake system, facilities management and other systems necessary to track the investment and expenditure of the proceeds and the use of the Project financed or refinanced with the proceeds of the Obligations. The foregoing notwithstanding, each Responsible Person shall report to the governing body of the Issuer whenever experienced advisors and agents may be necessary to carry out the purposes of these instructions for the purpose of seeking approval of the governing body to engage or utilize existing advisors and agents for such purposes.



AGENDA ITEM

TO: Mayor and City Council

SUBJECT: Adopting Financial Policy

MEETING DATE: October 8, 2024

DEPARTMENT: Finance

ITEM SUMMARY:

Consideration and action on adoption of an updated Financial Policy for the City of Roanoke, Texas.

INFORMATION:

This item is for adoption of an updated Financial Policy that outlines guidelines for the financial management staff in planning and directing the City's day-to-day financial affairs, and for developing recommendations to the City Manager. These policies were developed within the parameters established by applicable provisions of the Texas Local Government Code and the under all Governmental accounting, and financial reporting standards (GAAFR). Their scope spans accounting, auditing, financial reporting, internal controls, operating and capital budgeting, revenue management, cash management, expenditure control, and debt management. These are to be adopted annually along with the City's investment management policy and broker/dealer list.

STAFF RECOMMENDATION:

SPECIAL CONSIDERATION:

FINANCIAL CONSIDERATION:

ATTACHMENTS:

1. Roanoke Financial Policies

**City of Roanoke
FINANCIAL POLICIES
September 19, 2024**

Prepared by the Finance Department



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I. PURPOSE STATEMENT

The City of Roanoke, Texas financial policies set forth the basic framework for the fiscal management of the City. These policies were developed within the parameters established by applicable provisions of the Texas Local Government Code and the under all Governmental accounting, and financial reporting standards (GAAFR). The policies are to be reviewed on an annual basis and modified to accommodate changing circumstances or conditions.

The purpose of the Financial Management Policies is to provide guidelines for the financial management staff in planning and directing the City's day-to-day financial affairs, and in developing recommendations to the City Manager.

The scope of the policies spans accounting, auditing, financial reporting, internal controls, operating and capital budgeting, revenue management, cash management, expenditure control, and debt management. The investment management policy as well as authorized brokers/dealers is adopted separately annually.

II. ANNUAL BUDGET

- a. ACCOUNTING BASIS:** The City's finances shall be accounted for in accordance with generally accepted accounting principles as established by the Governmental Accounting Standards Board.

The City's accounting records for general governmental operations are maintained on a modified accrual basis according to Generally Accepted Accounting Principles (GAAP). The revenues are recorded when actually received, and expenditures are recorded when the liability is incurred. Accounting records for the City's utilities and other proprietary funds are maintained on a full accrual basis. For example, expenditures are recognized when a liability is incurred, and revenues are recognized when they are obligated to the City. Depreciation applied annually but is not specifically budgeted as an operating expense. Rather, the City's budget will be made to ensure necessary replacement funds are allocated

for all vehicles and major equipment. Capital purchases for the proprietary funds are listed in the budget document in order that proposed purchases can be reviewed by the City Council. The budgetary accounting basis follows GAAP except that fund balances/retained earnings are presented in the budget as a measure of available spendable resources. Unexpended appropriations for budgeted funds lapse at fiscal year-end, except for appropriations for Capital Project Funds, which are for the length of the project.

b. OVERVIEW: Budgeting is an essential element of the financial planning, control and evaluation process of municipal government. The City's "operating budget" is the City's annual financial operating plan. It comprises governmental and proprietary funds, including the Debt Service Fund, and various capital improvement funds

c. PLANNING: The fiscal year of the City shall begin on the first day of October each year and shall end on the thirtieth day of September the following year.

No money shall be drawn from the City Depository, nor shall any obligation for the expenditure of money be incurred, except in pursuance of appropriations made by the City Council. At the close of each fiscal year, the unencumbered balance of each appropriation shall revert to the fund from which it was appropriated and shall be subject to future appropriations.

d. PREPARATION: On or before the first Council meeting in August, the City Manager shall submit to the City Council a budget of the revenues of the City and the expense of conducting the affairs thereof for the ensuing fiscal year. The budget will be presented uniformly for all departments and shall give the following information:

- An itemized budget of the expenses of conducting each department.
- Comparison of the budget with the corresponding items of expenditure of the last fiscal year, current budget and year to date actuals.

- Comparison of the budget with the corresponding items of expenditure of the last fiscal year, current budget and year to date actuals.
- Reason for proposed increases or decreases of such items of expenditure compared with the current fiscal year.
- Compensation adjustments for salaries and/or benefits.
- A summary of all budgeted full-time positions as well as any increases or decreases therein.
- An estimate of total probable income of the City from taxes for the period covered by the estimate.
- An estimate of total probable income of the City from taxes for the period covered by the estimate.
- An itemization of all anticipated revenue from sources.
- The amount required for interest and principal payments on the City's debt.
- The total amount of outstanding City debts, with a schedule of maturities on the bond issues.
- Such other information as may be required by the City Council.
- The proposed budget shall contain a suggested tax rate to be levied to support the expenditures proposed. The City Manager shall prepare a budget amendment and transmit it to the City Council with the budget.

e. PROPOSAL TO COUNCIL: Upon receipt of the City Manager's proposed budget and after publishing budget and tax rate notices as required by law, the City Council shall hold a public hearing on the tax rate and budget also as required by law and subsequently pass the budget proposal during a public reading, using the City Manager's estimate as a basis. Following final adoption of the approved budget, the City Council shall pass an ordinance levying the taxes for the current year.

f. AMENDING: In case of public necessity, cost over-runs, mid-year programmatic changes, and/or emergency expenditures to meet unusual and unforeseen conditions which could not, by reasonable diligent thought

and attention, have been included in the original document, the budget may be amended with a majority vote from City Council.

- g. VEHICLE REPLACEMENT FUND:** The City shall establish and maintain a Vehicle Replacement Fund to be used to accumulate funds to replace vehicles and machinery for the City. The Vehicle Replacement Fund shall be funded with yearly contributions made by the effected departments within the City. All replacement vehicle purchases (excluding large items, i.e. fire engines), shall be purchased directly using these funds.

With the exception of seized vehicles, all vehicle and apparatus auction proceeds shall be deposited into the Vehicle Replacement Fund to be used for purchasing future vehicles and machinery.

- h. BUDGET ADMINISTRATION:** All expenses of the City shall be made in accordance with the adopted annual budget or as legally amended. The City Council may amend the budget by passing a budget appropriation ordinance.

The legal level of budgetary control is at the fund level. The City Manager or the Director of Finance is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council.

- i. FUND BALANCES:** The City will strive to maintain a minimum fund balance reserve equal to 60 days of the total operating expenditures of each operating fund, including but not limited to the General Fund, Utilities Fund, Crime Control & Prevention District Fund, and Economic & Industrial Development Fund.

III. ACCOUNTING, AUDITING, AND FINANCIAL REPORTING

- a. ACCOUNTING:** The city is solely responsible for the reporting of its financial affairs, both internally and externally. The City's Finance staff, led by the Director of Finance, is responsible for establishing the Chart of Accounts and for properly recording financial transactions.

- **Funds:** Self balancing groups of accounts are used to account for City financial transactions in accordance with generally accepted accounting principles. Each fund is created for a specific purpose except for the General Fund, which is used to account for all transactions not accounted for in other funds. Funds are created and fund names are changed by City Council approval either through resolution during the year or in the City Council's approval of the annual operating or capital budget ordinances.
- b. AUDITING:** According to the provisions of the Texas Local Government Code, Title 4, Chapter 103, the City will be audited annually by outside independent accountants (auditor). The auditor must be a CPA firm of regional reputation and must demonstrate that it has the breadth and depth of staff to conduct the City's audit in accordance with generally accepted auditing standards and contractual requirements. The auditor must be registered as a partnership or corporation of certified public accountants, holding a license under Article 41a1, Section 9, of the Civil Statutes of Texas, capable of demonstrating that it has sufficient staff which will enable it to conduct the City's audit in accordance with generally accepted auditing standards as required by the applicable state and federal laws. The auditor's report on the City's financial statements will be completed within 120 days of the City's fiscal year end. An interim management letter will be issued prior to this date if any materially significant internal control weaknesses are discovered. The City shall select its external auditor through a formal Request for Proposals and internal review process at a minimum of every 5 years. Staff may select the same firm over successive RFP cycles, should an objective internal review conclude that firm represents the best value to the City.
- c. INTERNAL CONTROLS:** The Finance Director shall be the responsible party overseeing the development of City-wide written guidelines on

accounting, cash handling, and other financial matters which will be approved by the City Manager.

The Finance director will assist department heads as needed in tailoring these guidelines into procedures to fit each department's requirements.

- d. FINANCIAL REPORTING:** Following the conclusion of the fiscal year, the Finance Director shall prepare a Comprehensive Annual Financial Report (ACFR) in accordance with generally accepted accounting and financial reporting principles established by the Governmental Accounting Standards Board. The document shall also satisfy all criteria of the Government Finance Officers Association's Certificate of Achievement for Excellence in Financial Reporting Program.

The ACFR shall show fund revenues and expenditures on both a GAAP basis and budget basis for comparison purposes. Included as part of the ACFR shall be the results of the annual audit prepared by independent certified public accountants designated by the City Council. The Finance Director shall submit to the Council a quarterly statement of all receipts and disbursements in sufficient detail to show the exact financial condition of the City.

IV. REVENUE MANAGEMENT

- a. SIMPLICITY:** The City, where possible and without sacrificing accuracy, will strive to keep the revenue system simple in order to reduce compliance costs for the taxpayer or service recipient. A corresponding decrease in the City's costs for collection and a reduction in avoidance to pay will thus result.
- b. CERTAINTY:** A knowledge and understanding of revenue sources increases the reliability of the revenue system. The City will understand its revenue sources and enact consistent collection policies to provide assurances that the revenue base will materialize according to budgets and plans.

- c. **EQUITY:** The City shall require that there be a balance in the revenue system; i.e., the revenue base will have the characteristic of fairness and neutrality as it applies to cost of service, willingness to pay, and ability to pay.
- d. **ADMINISTRATION:** The benefits of a revenue type will not exceed the cost of producing the revenue. The collection process will be reviewed periodically for cost effectiveness as a part of the indirect cost and cost of service analysis.
- e. **NON-RECURRING REVENUES:** One-time revenues will not be used for ongoing operations. Non-recurring revenues will be used only for non-recurring expenditures. Care will be taken not to use these revenues for budget balancing purposes.
- f. **PROPERTY TAX REVENUES:** Property shall be assessed at 100% of the fair market value as appraised by the Denton and Tarrant Central Appraisal Districts. Reappraisal and reassessment shall be done regularly as required by State law. A 97% collection rate will serve as a minimum for tax collections, with a delinquency rate of 3% or less. Any annual collection rate lower than this will be investigated by the Finance Officer or their designee in conjunction with the assessor/collector.
- The 97% rate is calculated by dividing total current year tax collections for a fiscal year by the total tax levy for the fiscal year.
- All delinquent taxes will be pursued to the fullest extent and incur penalties on the balance as allowed by law. These penalties will be assessed by the City's designated assessor/collector in conjunction with legal consultation when necessary.
- g. **UTILITY RATES:** The City will review utility rates annually and, if necessary, adopt new rates that will generate revenues required to fully cover operating expenditures, meet the legal restrictions of all applicable

bond covenants, and provide for an adequate level of working capital needs. This policy does not preclude a strategic draw-down of cash balance to finance current operations, as otherwise prohibited by section IV(e). However, the practice of using cash balance for ongoing operations will be reserved to be employed in conjunction with a long-term utility rate strategy that will be designed to cover all ongoing costs with ongoing revenue over time.

- h. TAX EXEMPTIONS:** Tax exemptions presently allowed by the City will be monitored. Additional residential or non-profit property exemptions must be approved by the City Council.

V. EXPENDITURE MANAGEMENT

- a. APPROPRIATIONS:** Appropriations are budgeted at the fund level. If budget amendments (increase in appropriations) are necessary they must be approved by the City Council. Budget adjustments (transfers between line items within the fund) are allowed as approved by the Finance Director and/or City Manager to the extent that adjustments do not exceed the total budgeted appropriations for the fund.
- b. PROFESSIONAL SERVICES:** Professional Services Contracts consist of the following services: Certified Public Accountant, Architect, Physician, Optometrist, Surgeon, Surveyor, Engineer, Lawyer, Insurance Broker or Consultant, Construction Manager, Financial Advisors, Artist, Appraisers, Teachers, Landscape Architectural and Geoscientific professionals. Professional services will generally be processed through a request for proposals process, except for smaller contracts. The City Manager may execute any professional services contract except for insurance less than \$50,000 provided there is an appropriation for such contract. While City Council approval of other contracts less than \$50,000 is not required, the Budget Office will inform the City Manager who will then inform the City Council by memorandum in the Administrative Report whenever a professional services contract of \$5,000 or more is approved.

- c. **PROMPT PAYMENT:** All invoices approved for payment by the proper City authorities shall be paid by the Finance Division on a net-30 day basis and as required by state law. The Finance Director shall establish and maintain proper procedures which will enable the City to take advantage of all purchase discounts, when possible, except in the instance where payments can be reasonably and legally delayed in order to maximize the City's investable cash.
- d. **RISK MANAGEMENT:** The City will aggressively pursue every opportunity to provide for the Public's and City employees safety and to minimize the risk of loss of resources through liability claims with an emphasis on safety programs. All reasonable options will be investigated to finance risks.
- e. **PURCHASING:** See purchasing policy and procedures.

VI. ASSET MANGEMENT

- a. **INVESTMENTS:** See investment policy. The Finance Director shall promptly invest all City funds in accordance with the provisions of the current Bank Depository Agreement or in accordance with the City Council approved Investment Policy.

A report on investment performance will be provided to the City Council each quarter along with the City's general financial report. A written recapitulation of the City's investment portfolio will be reported quarterly to the Council, detailing each City investment instrument with its rate of return and maturity date.

- b. **CASH/TREASURY MANAGEMENT:** Periodic review of cash flow position will be performed to determine performance of cash management and investment policies. A detailed policy structure will be followed with respect to Cash/Treasury Management. The underlying theme will be that idle cash will be invested with the intent to (1) safeguard assets, (2)

maintain liquidity and (3) maximize return. Where legally permitted, pooling of investments may be done. The City will adhere to the investments authorized through the City Council approved investment policies.

The City's cash flow will be managed to maximize the cash available to invest. Such cash management will entail the centralization of cash collections, where feasible, including property tax payments, utility bills, building and related permits and licenses, and other collection offices as appropriate.

- c. FIXED ASSETS AND INVENTORY:** These assets will be reasonably safeguarded, properly accounted for, and prudently insured.

A fixed asset of the City shall be defined as a purchased or otherwise acquired piece of equipment, vehicle, furniture, fixture, capital improvement, addition to existing capital investments, land or buildings, with the cost or value of such acquisition being \$5,000 or more with an expected useful life greater than one year.

The City's fixed assets shall be reasonably safeguarded, properly accounted for and sufficiently insured. Responsibility for the safeguarding of the City's fixed assets lies with the Department Director in whose department the fixed asset is assigned. The Finance Department shall supervise the marking of fixed assets with City numbered property tags and shall maintain the permanent records of the City's fixed assets including description, cost, department of responsibility, date of acquisition, depreciation and expected useful life. The Finance Department shall also perform an annual inventory of assets using random sampling at the department level. Such inventory shall be performed by the Finance Director their designee in the presence of designated department personnel from the department of responsibility.

VII. DEBT MANGEMENT

a. RESPONSIBILITY: The responsibility of issuing debt comes from the Finance Director and is to be assisted by the City Manager, and the assistant City Manager. The Finance Director should:

- i. Keep up to date with any state or federal changes
- ii. Meet with advisors to review the debt plan
- iii. Only use financing when Necessary
- iv. Annually review services provided by outside sources regarding debt management
- v. Review annual changes and updates to city ordinances
- vi. The finance director should always take into consideration:
- vii. The time proceeds of obligation are expected to remain on hand and the related to the carrying cost
- viii. The options for interim financing including short-term and interfund borrowing, taking into consideration federal and state reimbursement regulations
- ix. The effect of proposed action on the tax rate and user charges
- x. Trends in interest rates
- xi. Before bonded long-term debt is issued; the impact of the debt service on the total annual fixed cost shall be examined

b. TYPES OF DEBT:

- i. General Obligation Bonds (GO's) – Secured by the full faith and credit of the City, this type of voter-approved bond is to only be issued in circumstances where the City will use its taxation power to generate sufficient revenue to service the bond under any circumstances. Use of the bond funds is restricted to the purpose(s) authorized in the proposition approved by voters. The term of the bond issue should never exceed the useful life of the asset(s) funded by the bond.
- ii. Revenue Bond (RB's) - A revenue bond is to be used to provide the capital needs for a new or existing service in which the revenue from that service will be used to fund the term of the debt service.

The obligation should not exceed the useful life of the asset funded by the bond issued and will generally be limited to no longer than thirty years.

- iii. **Certificates of Obligation** – similar to general obligation bonds, certificates of obligation are secured by the full faith and credit of the City, and the City may choose to utilize its taxing power to service the obligation's annual debt payments. However, these bonds are not subject to voter approval unless 5% of qualified voters within the jurisdiction petition for an election on the spending in question. While officially secured by property taxation, these obligations are often paid for through user fees and service charges, such as utility revenue. Prior to issuing an obligation of this type, the City Council must approve a resolution stating the intent to issue certificates. A notice must be published in the newspaper at least 45 days prior to the sale date which states the maximum amount to be issued, use of the proceeds, date and time of the planned sale, and any additional information about the City's outstanding obligations. Additionally, use of these certificates is limited to public works projects including but not limited to roads, facilities, infrastructure, and items related to public health or emergency. Issuance of certificates for any project voters have rejected in the preceding three years is prohibited by State law.

c. PROCEDURES FOR SALE:

- i. **Method of Sale** - the City will use a competitive bidding process in the sale of bonds unless the nature of the issue warrants a negotiated bid. In situations where a competitive bidding process is not elected, the City will publicly present the reasons why and the City will participate with the financial advisor in the selection of the underwriter or direct purchaser.
- ii. **Bidding Parameters** - The notice of the sale will be carefully constructed to ensure the best possible bid for the City is taken. Parameters to be examined:

1. Limits between lowest and highest coupons
 2. Coupon requirements relative to the yield curve
 3. Method of underwriter compensation, discount or premium coupons
 4. Use of TIC vs NIC; use of Bond insurance; deep discount bonds; variable rates; call provisions
- iii. Rating Agencies: The City will obtain a rating from at least one nationally recognized bond-rating agency on all issues being sold on the public market. Required information will be presented to the rating agency(s) at least annually to maintain ratings on outstanding debt.

d. SHORT TERM DEBT:

- i. Short-term debt may be used for interim financing, short economic life assets, and operational cash flow deficits or anticipated revenues. Any Short-term debt outstanding at year end should not exceed 5% of net operating revenues or 5% of long-term debt.
- ii. Interim financing may be appropriate when long-term interest rates are expected to decline in the future. In addition, some forms of short-term obligations can be obtained quicker than long-term obligations and thus can be used in emergencies until long-term financing can be obtained. In some cases when the amount of financing required in the immediate future is relatively small, it may be cheaper for the City to issue a small amount of short-term obligations to provide for its immediate needs than to issue a larger amount of long-term obligations to provide financing for both immediate and future needs when the carrying costs of issuing obligations which are not immediately needed are taken into account.
- iii. With the approval of the City Council, the City may establish a tax-exempt line of credit with a financial institution selected through a competitive process. Draws shall be made on the line of credit when (1) the need for financing is so urgent that time does not

permit the issuance of long-term debt, or (2) the need for financing is so small that the total cost of issuance of long-term debt including carrying costs of debt proceeds not needed immediately is significantly higher.

e. LONG TERM DEBT:

- i. The City of Roanoke may issue long-term debt when it is deemed that capital improvements should not be financed with current revenues, reserves, or short-term borrowings. Long-term debt will not be used for operating purposes. Long-term debt should only be used when it has been determined that the estimated flow of benefits to be derived over the useful life of the improvement or expenditure exceed the principal cost of the improvement, plus interest. Such improvements or capital expenditures shall be determined based on urgency, capital and operating cost and a general assessment of the projected benefit both directly and indirectly to the City of Roanoke.
- ii. The City of Roanoke's total obligation is to never exceed 5% of its annual net assessed value for taxable properties inside City limits.
- iii. The ratio of debt service expenditures, excluding advanced defeasance to total expenditures (all operating and debt service funds combined) shall not exceed 20%.
- iv. The City of Roanoke will maintain effective lines of communication with bond rating agencies and other outside sources.
- v. The cost of issuance of private activity bonds is usually higher than for governmental purpose bonds. Consequently, private activity bonds will be issued only when they will economically benefit the City.

f. CAPITAL LEASING:

- i. Capital leasing is an option for the acquisition of a piece or package of equipment costing less than \$500,000.

- ii. Leasing shall not be considered when funds are on hand for the acquisition unless the interest expense associated with the lease is less than the interest that can be earned by investing the funds on hand or when other factors such as budget constraints or vendor responsiveness override the economic consideration.

g. OTHER DEBT MANAGEMENT:

- i. Analysis of financial alternatives: Staff will explore all alternatives to the issuance of debt for capital expenditures and construction processes. These alternatives should include grants, use of reserves, and use of current revenues, contributions from developers, leases, and impact fees.
- ii. Debt Structure: the structure should approximate level debt service unless operational matters dictate otherwise, or if the market conditions indicate a potential savings could result from modifying the level payment stream.
- iii. Interest earned on debt proceeds: Interest earned on bond funds will be determined on an allocation basis and deposited to its respective fund to be used for approved projects. Interest earnings are considered appropriated when allocated. Arbitrage on interest earned on bond proceeds will be calculated by the Finance Director or their designee and reported to the IRS as required by law.
- iv. Capital Improvement Plan: Each year the City will adopt a capital improvement plan. The plan will recommend specific funding of projects for the current fiscal year and will identify projects for further consideration in years two through five.
- v. Rating Agencies: The City will obtain a rating from at least one nationally recognized bond-rating agency on all issues being sold on the public market. Required information will be presented to the rating agency(s) at least annually to maintain ratings on outstanding debt.
- vi. Refunding Debt Obligations: An advance or current refunding of outstanding debt shall only be considered when present value

savings of at least 3.0% of the principal amount of the refunded bonds are produced, unless a debt restructuring, or bond covenant revisions are necessary. Savings from refundings are expected be distributed evenly over the life of the refunded bonds.

- vii. Conduit Debt: The City shall obtain a clear opinion from qualified legal counsel that the City is not liable for the payment of principal and/or interest in the event of default by a conduit borrower. If no such opinion can be obtained, the conduit borrower will be required to purchase insurance or a letter of credit in the City's name in the event of default. Examples of a conduit issuer are special authorities, tax-increment financing districts, public improvement districts, or industrial development issuers.
- viii. Disclosure: The City is committed to providing continuing financial disclosure as required by Securities and Exchange Commission (SEC) Rule 15c2-12 and state statutes, and the Finance Department shall be responsible for all required disclosure. Continuing disclosure will be reviewed by CMO, Financial Advisor, Bond Counsel, and Disclosure Counsel prior to release. The filing shall be issued no later than 6 months following year-end. The filing shall be uploaded to EMMA (Electronic Municipal Market Access website) and the City website. Additionally, all material event notices (defined by the SEC) shall be filed according to SEC regulations after the occurring event.



AGENDA ITEM

TO: Mayor and City Council

SUBJECT: Adopting Investment Policy

MEETING DATE: October 8, 2024

DEPARTMENT: Finance

ITEM SUMMARY:

Consideration and action on adoption of an Investment Policy for the City of Roanoke, Texas.

INFORMATION:

Per the Texas Public Investment Act, 'The governing body of an investing entity shall review its investment policy and investment strategies not less than annually. The governing body shall adopt a written instrument by rule, order, ordinance, or resolution stating that it has reviewed the investment policy and investment strategies and that the written instrument so adopted shall record any changes made to either the investment policy or investment strategies.'

The City's policy for investments emphasizes the safety of City funds, first and foremost. The policy states, 'Investments of the City shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The objective will be to mitigate credit risk and interest rate risk.'

The second overall objective of the City's policy is to ensure adequate liquidity is maintained at all times. This means finance staff will work hard to structure the City's portfolio so that investments mature concurrent with cash needs to meet anticipated demands on operations. This further means that the City will consistently utilize money market mutual funds and/or local government investment pools, which offer same-day liquidity for short-term funds.

The final objective is to emphasize the highest return on investment for City funds, provided that the first two objectives have been sufficiently met. The policy sets a benchmark return equivalent to or exceeding the average rate of return on three-month U.S. treasury bills or the average Federal Reserve Discount rate, whichever is higher. Staff will endeavor to seek out investment opportunities that meet this rate of return. Beyond these three goals, the City's policy outlines delegation of authority for investing



AGENDA ITEM

City funds, training for all staff involved, permitted and non-permitted investment instruments, ethics and conflicts of interest, and identifies three authorized, licensed, and practicing broker/dealer firms through which the City can access the fixed-income market.

STAFF RECOMMENDATION:

SPECIAL CONSIDERATION:

FINANCIAL CONSIDERATION:

ATTACHMENTS:

1. Investment Policy 2024 09 20 Roanoke Proposed
2. Broker-Dealer and Training Lists 2024 06 20 Roanoke Proposed



CITY OF ROANOKE INVESTMENT POLICY

Amended - October, 2024

It is the policy of the City of Roanoke, Texas ("City"), that after allowing for anticipated cash requirements and giving due consideration to safety, liquidity and yield, all available funds will be pooled and invested in conformance with the investment policy which has been developed to conform to the State of Texas, Public Funds Investment Act as amended ("PFIA") located in Chapter 2256 of the Texas Local Government Code.

In addition, applicable recommended best practices published by the Government Finance Officers' Association ("GFOA") and Government Treasurers' Organization of Texas ("GTOT") have been considered to ensure that Roanoke's investment activities are conducted within the framework of sound fiscal policy.

I. SCOPE.

This policy applies to all aspects of investing the financial assets of the City and serves to satisfy the statutory requirements of the PFIA to define and approve a formal investment policy. These funds are accounted for in the City's Annual Comprehensive Financial Report and include:

- General Fund
- Special Revenue Funds
- Capital Project Funds
- Enterprise Funds
- Debt Service Funds –including interest and sinking funds and reserve funds
- Roanoke Economic and Industrial Development Corporation
- Roanoke Community and Economic Development Corporation
- Other funds established from time to time

Except for cash in certain restricted and special funds, the City may consolidate cash and investment balances to ease cash management operations and maximize investment earnings. Investment income will be allocated to the various funds based on the respective participation and in accordance with generally accepted accounting principles.

II. GENERAL OBJECTIVES AND STRATEGY.

The primary objectives of the City shall be safety, liquidity, and yield:

SAFETY: Safety of principal is the foremost objective of the investment program. Investments of the City shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The objective will be to mitigate credit risk and interest rate risk.

- a. **Credit Risk** – The City will minimize credit risk, the risk of loss due to the failure of the issuer or backer by:
 - i. Limiting investments to the safest types as authorized by the PFIA.
 - ii. Pre-qualifying the financial institutions, brokers/dealers, intermediaries, and advisors with whom the City will do business
 - iii. Diversifying the investment portfolio so that potential losses on individual investments will be minimized.
 - iv. Establishing procedures to monitor rating changes of investments and the liquidation of such investments as required by the PFIA.
- b. **Interest Rate Risk** – The City will minimize the risk that the market value of securities in the portfolio will fall due to changes in general interest rates by:
 - i. Structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity.
 - ii. Investing operating funds primarily in shorter-term securities, financial institution deposits, money market mutual funds, or local government investment pools.

LIQUIDITY: The City's investment portfolio will remain sufficiently liquid to enable the City to meet all operating requirements that may be reasonably anticipated. This is accomplished by structuring the portfolio so that investments mature concurrent with cash needs to meet anticipated demands (static liquidity). Furthermore, since all possible cash demands cannot be anticipated, the portfolio should consist largely of investments with active secondary or resale markets or redemption options (dynamic liquidity). All or a portion of the portfolio also may be placed in financial institution deposits, money market mutual funds, or local government investment pools which offer same-day liquidity for short-term funds.

- a. **YIELD:** The City's investment portfolio shall be designed with the objective of regularly exceeding the average rate of return on three-month U.S. Treasury Bills or the average Federal Reserve Discount whichever is higher. The investment program shall seek to augment returns above this threshold consistent with risk limitations identified herein and prudent investment principles. Return on investment is of secondary importance compared to safety and liquidity.

RISK OF LOSS: All participants in the investment process shall seek to act responsibly as custodians of the public trust. Investment officials shall avoid any transaction that might impair public confidence in the City's ability to govern effectively.

INVESTMENT STRATEGY: All available funds shall be invested in conformance with State and Federal Regulations, applicable bond covenants and ordinances, and this investment policy. The primary objectives for investment strategy are listed in priority order:

- a. Investment suitability,
- b. Preservation and safety of principal,
- c. Liquidity,
- d. Marketability,
- e. Diversification, and
- f. Yield.

The City shall maintain portfolios which utilize investment strategy considerations, designed to address the unique characteristics of the fund groups represented in the investment portfolios.

- a. **Operating Funds:** Investment strategies for operating funds and commingled pools containing operating funds have as their primary objective to assure that anticipated cash flows are matched with adequate investment liquidity. The secondary objective is to create a portfolio structure which will experience minimal volatility during economic cycles. This may be accomplished by purchasing quality, short to medium term securities which will complement each other in a ladder structure. The weighted average maturity of 365 days or less will be calculated using the stated final maturity dates of each security.
- b. **Debt Service Funds:** Investment strategies for debt service funds shall have as the primary objective the assurance of investment liquidity adequate to cover the debt service obligation on the required payment date. Surplus funds outside the debt service dates will remain within the investment and fiscal policies and be invested according to the investment guidelines for operating funds.
- c. **Capital Projects and Special Purpose Funds:** Funds for capital projects or special purposes should allow for flexibility and unanticipated project outlays by having a portion of their investments in highly liquid securities. The stated final maturity dates of securities held should not exceed the estimated project completion date.

III. RESPONSIBILITY AND CONTROL

DELEGATION OF AUTHORITY: Authority to manage and operate the investment program is hereby delegated to the Director of Finance, who shall establish written procedures and internal controls for the operation of the investment program consistent with this investment policy. Procedures should include, but not be limited to: account management procedures, cash flow estimation procedures, investment transaction procedures, authorized broker/dealer selection process, and investment portfolio reporting requirements. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Director of Finance. The Director of Finance shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of the Authorized Investment Officers and subordinate officials. All persons involved in investment activities will be referred to as "Investment Officers". For the purposes of this policy, the Director of Finance, City Manager, and Finance Manager are the City's designated investment officers.

INVESTMENT TRAINING: In order to address the quality and capability of investment management, the Investment Officers shall attend at least one training session accumulating at least ten (10) hours relating to the Officer's responsibility under the Act within twelve (12) months after assuming duties, and thereafter, attend investment training session(s) not less than once every two years (aligned with the City's fiscal year end), receiving an additional eight (8) hours of training. The training shall be conducted by independent training sources approved by the Investment Committee. Training must include education in investment controls, security risks, strategy risks, market risks and compliance with the PFIA. The Investment Officer(s) will not be held personally liable for any loss on the portfolio if all provisions of this policy have been followed.

INVESTMENT COMMITTEE: There is hereby created an Investment Committee, consisting of the City Manager and/or his designee, Assistant City Manager, Director of Finance, and any City staff or Official deemed appropriate by the rest of the committee. The Investment Committee shall meet as necessary to determine general strategies and to monitor portfolio performance. The Investment Committee shall include in its deliberations such topics as:

- a. Economic outlook,
- b. Portfolio diversification,

- c. Maturity structure,
- d. Risk Considerations,
- e. Authorized brokers/dealers,
- f. Target rate of return on the portfolio, and
- g. Independent investment training sources

The Investment Committee shall provide minutes of its meetings. Any two (2) members of the Investment Committee shall constitute a quorum.

IV. STANDARDS OF CARE

PRUDENCE: Investment Officers shall use the “**prudent person**” standard, which states, “investments shall be made with judgment and care, under prevailing circumstances, that a person of prudence, discretion and intelligence would exercise in the management of the person’s own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived.” Investment Officers acting in accordance with written policies and procedures and exercising due diligence shall be relieved of personal responsibility for an individual investment security’s credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

ETHICS AND CONFLICTS OF INTEREST: Investment Officers shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions. Investment Officers shall disclose any material interests in financial institutions with which they conduct business. They shall further disclose any personal financial/investment positions that could be related to the performance of the investment portfolio. Investment Officers shall refrain from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of the City.

An Investment Officer who has a personal business relationship with a depository bank or with any entity seeking to sell an investment to the City shall file a statement disclosing that personal business interest. An Investment Officer who is related within the second degree of affinity or consanguinity to an individual seeking to sell an investment to the City shall file a statement disclosing that relationship. A statement required under this subsection must be filed with the Texas Ethics Commission and the City Council. For the purpose of this section, an investment officer has personal business relationship with a business organization if:

- a. The Investment Officer owns 10 percent or more of the voting stock or shares of the business organization or owns \$5,000 or more of the fair market value of the business organization;
- b. Funds received by the Investment Officer from the business organization exceed 10 percent of the Investment Officer’s gross income for the previous year; or
- c. The Investment Officer has acquired from the business organization during the previous year investments with a book value of \$2,500 or more for the personal account of the Investment Officer.

V. SELECTION OF BROKER/DEALERS AND DEPOSITORIES

AUTHORIZED BROKER/DEALERS: At least annually, the Investment Committee will review, revise and adopt a list of qualified broker/dealers that are authorized to engage in investment transactions with the City. Investment Officers shall not conduct business with any firm not on the Investment Committee’s approved list.

COMPLIANCE: A written copy of the investment policy will be presented to any investment pool or investment management firm (“business organization”) offering to engage in an investment transaction with the City. A qualified representative (as described by section 2256.002, subdivision 10 of the Texas Government Code) of such business organization shall execute a written instrument, in a form acceptable to both the City and the organization, certifying that they have received and reviewed a written copy of the City’s investment policy. The firm must acknowledge that it has implemented reasonable internal procedures and controls in an effort to preclude investment transactions conducted between the City and the organization that are not authorized by the City’s investment policy, except to the extent that this authorization is dependent on an analysis of the makeup of the City’s entire portfolio requires an interpretation of subjective investment standards or not made through accounts or other contractual arrangements over which the business organization has accepted discretionary investment authority. The Investment Officer of the City may not acquire or otherwise obtain any authorized investment described in the City’s investment policy from a person who has not delivered such instrument. This instrument does not, at any time, relieve the City of the responsibility of monitoring all investment transactions to determine if they are in compliance with this policy.

DEPOSITORIES: Primary Depositories shall be selected through the City’s banking services procurement process, which shall include a formal Request for Application (RFA) issued in compliance with applicable State law (Chapter 105, State of Texas Local Government Code). This contract can be extended as per the RFA specifications.

VI. SUITABLE AND AUTHORIZED INVESTMENTS

The City intends to pursue an active versus a passive portfolio management philosophy. That is, securities may be sold before they mature if market conditions present an opportunity for the City to benefit from the trade.

ELIGIBLE INVESTMENTS: The following investments will be permitted by this policy as defined by state and local law where applicable.

- a. U.S. government obligations, U.S. government agency obligations, and U.S. government instrumentality obligations (including obligations of the FDIC), which have a liquid market with a readily determinable market value and exclude those prohibited by the PFIA.
- b. Financial institution deposits issued by a broker or depository institution that: 1) has its main office or a branch office in Texas and is guaranteed or insured by the Federal Deposit Insurance Corporation, the National Credit Union Share Insurance Fund (NCUSIF), or their successors, 2) is secured by obligations in a manner and amount provided by law for deposits of the City, or 3) is placed through the Insured Cash Sweep (ICS) or Certificate of Deposit Account Registry Service (CDARS).
- c. Repurchase and reverse repurchase agreements whose underlying purchased securities consist of instruments as defined in a. above and placed in compliance with the PFIA.
- d. No load money market mutual funds registered and regulated by the Securities and Exchange Commission, seek to maintain a net asset value of \$1.0000 per share, are rated AAAM by at least one nationally recognized rating service, and that meet the requirements of the PFIA.
- e. Local government investment pools, either state-administered or through joint powers

statutes and other intergovernmental agreement legislation authorized in compliance with the PFIA, are rated no lower than AAAm or an equivalent rating by at least one nationally recognized rating service, and are authorized by resolution or ordinance of the City Council.

- f. Obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent.
- g. Other types of investments which may become authorized through amendment to the PFIA will not be authorized investments until approved by City Council in amendment to this policy.

All prudent measures will be taken to liquidate an investment that is downgraded to less than the required minimum rating. The City will not be required to liquidate an investment that was authorized at the time of purchase.

INELIGIBLE INVESTMENTS: The Investment Officer shall not knowingly permit City funds to be invested with any of the following investment instruments that are strictly prohibited:

- a. Obligations whose payment represents the coupon payments of the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal;
- b. Obligations whose payment represents the principal stream of cash flow from underlying mortgage-backed security collateral and bears no interest;
- c. Collateralized mortgage obligations that have a stated final maturity date of greater than 10 years;
- d. Collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index; and
- e. Any other restricted instruments or limitations that involve outright speculation.

VII. INVESTMENT PARAMETERS

DIVERSIFICATION: The investments shall be diversified by:

- a. Limiting investments to avoid over concentration in a specific issuer or business sector (where appropriate),
- b. Limiting investment in higher credit risks,
- c. Investing with varying maturities, and
- d. Continuously investing a portion of the portfolio in readily available funds such as financial institution deposits, local government investment pools, money market funds, or overnight repurchase agreements to ensure that appropriate liquidity is maintained in order to meet ongoing obligations.

MAXIMUM MATURITIES: To the extent possible, the City shall attempt to match its investments with anticipated cash flow requirements. The City will not directly invest in instruments maturing more than three (3) years from the date of purchase or in accordance with state and local statutes and ordinances. The City shall adopt weighted average maturity limitations (which often range from 90 days to 3 years), consistent with the investment objectives.

Reserve funds and other funds with longer-term investment horizons may be invested in

instruments up to (5) years if the maturity of such investments is made to coincide as nearly as practicable with the expected use of funds.

COMPETITIVE ENVIRONMENT: The City seeks a competitive environment for investment transactions, including individual security purchases, certificates of deposit, money market mutual fund, and local government investment pool selections. The City shall develop and maintain procedures for ensuring a competitive environment.

VIII. SAFEKEEPING AND CUSTODY

COLLATERAL POLICY: The City has established a collateral policy in compliance with Government Code Chapter 2257, Public Funds Collateral Act. Deposits of City funds with financial institutions shall be secured by pledged collateral having a market value equal to or greater than 102% of deposits plus accrued interest of the deposit less any amount insured by FDIC or NCUSIF insurance. Evidence of pledged securities shall be maintained by the Director of Finance and held by an independent third-party custodian. Collateral pledged shall be reviewed at least monthly to assure the market value of the securities pledged equals or exceeds the related City investment.

The City shall accept forms of collateral permitted by the Public Funds Collateral Act. The City reserves the right, in its sole discretion, to accept or reject any form of insurance or collateralization pledged towards depository deposits. Financial institutions serving as the City's Depositories will be required to sign a depository agreement with the City. The collateralized deposit portion of the agreement shall define the City's rights to the collateral in case of default, bankruptcy, or closing and shall establish a perfected security interest in compliance with Federal and State regulations, including:

- a. The agreement must be in writing;
- b. The agreement must be executed by the Depository and the City contemporaneously with the acquisition of the asset;
- c. The agreement must be approved by the Board of Directors or designated committee of the Depository and a copy of the meeting minutes must be delivered to the City; and
- d. The agreement must be part of the Depository's "official record" continuously since its execution.

Repurchase agreements shall be documented by a specific Repurchase Agreement noting the authorized collateral required. Repurchase securities will be priced daily.

All collateral shall be subject to inspection and audit by the Director of Finance or the City's independent auditors.

SAFEKEEPING AND CUSTODIAL AGREEMENTS: The City shall contract with a safekeeping agent for the safekeeping of securities owned by the City as part of its investment portfolio. Securities owned by the City shall be held in the City's account as evidenced by safekeeping receipts of the institution holding the securities.

The City shall approve all third-party custodians for the holding of securities pledged to the City as collateral to secure financial institution deposits. The custodial agreement is to specify the acceptable pledged securities as collateral, including provisions relating to possession of the collateral, the substitution or release of pledged securities, ownership of securities, and the method of valuation of securities.

DELIVERY VERSUS PAYMENT. All securities purchased for investment will be executed by

delivery versus payment (DVP) to ensure that securities are deposited in the City's third-party safekeeping account prior to the release of funds.

IX. REPORTING

QUARTERLY REPORTING: The Director of Finance submit an investment report, at least quarterly, to the Investment Committee and the City Council. The report shall be in compliance with the PFIA and must:

- a. Describe in detail the investment position of the city on the date of the report,
- b. Be prepared jointly by the Investment Officers,
- c. Be signed by each Investment Officer,
- d. Contain a summary statement for each pooled group that states:
 - I. the beginning market value for the reporting period,
 - II. the additions and changes to the market value for the reporting period,
 - III. the ending market value for the reporting period, and
 - IV. the fully accrued interest for the period.
- e. State the book value, market value, and maturity date for each separately invested asset at the end of the reporting period by the type of asset and fund type invested,
- f. State the account or fund or pooled group fund in the city for which the individual investment was acquired, and
- g. State compliance with the City's investment portfolio as it relates to the City's investment strategies and the Public Funds Investment Act.

Weighted average yield to maturity shall be the portfolio's performance measurement standard.

An annual review of the City's quarterly reports will also be performed by an independent auditor with results being presented to the City Council.

MONITORING OF MARKET PRICE OF INVESTMENTS: The Investment Officers shall determine the market value of each investment at least quarterly and at a time as close as practicable to the closing of the reporting period for investments. Such values shall be included in the quarterly investment reports.

X. MANAGEMENT AND INTERNAL CONTROLS

The Director of Finance, or designee, shall establish a system of internal controls designed to ensure that the assets of the City are protected from loss, theft, or misuse. The internal control structure shall be designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits require estimates and judgments by management.

Accordingly, within the scope of the City's annual financial audit, the Director of Finance shall establish a process for an independent review by an external auditor to assure compliance with policies and procedures. The internal controls shall address the following points:

- a. Avoidance of collusion
- b. Separation of duties
- c. Separation of transaction authority from accounting and record keeping
- d. Custodial safekeeping

- e. Avoidance of physical delivery securities
- f. Clear delegation of authority to subordinate staff members
- g. Written confirmation of transactions for investments and wire transfers
- h. Compliance with investment policy
- i. Adequate training and development of investment officials
- j. Reconcilements and comparisons of security receipts with the investment subsidiary records

XI. INVESTMENT POLICY ADOPTION

The investment policy shall be adopted by resolution of the City Council. The investment policy and investment strategies shall be reviewed annually by the Investment Committee and any modification will be recommended for approval to the City Council. The City Council shall review these investment policies and strategies not less than annually.

GLOSSARY OF COMMON TREASURY TERMINOLOGY

Agencies: Federal agency securities.

Asked: The price offered for securities.

Broker: A broker brings buyers and sellers together for a commission paid by the initiator of the transaction or by both sides; he does not position. In the money market, brokers are active in markets in which banks buy and sell money and in interdealer markets.

Certificate of Deposit (CD): A time deposit with a specific maturity evidenced by a certificate. Large-denomination CD's are typically negotiable.

Collateral: Securities, evidence of deposit or other property which a borrower pledges to secure repayment of a loan. Also refers to securities pledged by a bank to secure deposits of public monies.

Comprehensive Annual Financial Report (CAFR): The official annual report for the City of Roanoke. It includes five combined statements and basic financial statements for each individual fund and account group prepared in conformity with GAAP. It also includes supporting schedules necessary to demonstrate compliance with finance-related legal and contractual provisions, extensive introductory material, and a detailed Statistical Section.

Coupon: (a) the annual rate of interest that a bond's issuer promises to pay the bondholder on the bond's face value. (b) A certificate attached to a bond evidencing interest due on a payment date.

Dealer: A dealer, as opposed to a broker, acts as a principal in all transactions, buying and selling for his own account.

Debenture: A bond secured only by the general credit of the issuer.

Delivery versus Payment: There are two methods of delivery of securities: delivery versus payment and delivery versus receipt (also called free). Delivery versus payment is delivery of securities with an exchange of money for the securities. Delivery versus receipt is delivery of securities with an exchange of a signed receipt for the securities.

Discount: The difference between the cost price of a security and its value at maturity when quoted at lower than face value. A security selling below original offering price shortly after sale also is considered to be at a discount.

Discount Securities: Non-interest bearing money market instruments that are issued at a discount and redeemed at maturity for full face value, e.g., U.S. Treasury bills.

Diversification: Dividing investment funds among a variety of securities offering independent returns.

Federal Credit Agencies: Agencies of the Federal government set up to supply credit to various classes of institutions and individuals, e.g., S&L's, small business firms, students, farmers, farm cooperatives, and exporters.

Federal Deposit Insurance Corporation (FDIC): A federal agency that insures bank deposits, currently up to \$100,000 per deposit.

Federal Funds Rate: The rate of interest at which Fed funds are traded. This rate is currently pegged by the Federal Reserve through open-market operations.

Federal Home Loan Banks (FHLB): The institutions that regulate and lend savings and loan associations. The Federal Home Loan Banks play a role analogous to that played by the Federal Reserve Banks vis-a-vis member commercial banks.

Federal National Mortgage Association (FNMA): FNMA, like GNMA, was chartered under the Federal National Mortgage Association Act in 1938. FNMA is a federal corporation working under the auspices of the Department of Housing and Urban Development, H.U.D. It is the largest single provider of residential mortgage funds in the United States. Fannie Mae, as the corporation is called, is a private stockholder-owned corporation. The corporation's purchases include a variety of adjustable mortgages and second loans in addition to fixed-rate mortgages. FNMA's securities are also highly liquid and are widely accepted. FNMA assumes and guarantees that all

security holders will receive timely payment of principal and interest.

Federal Open Market Committee (FOMC): Consists of seven members of the Federal Reserve Board and five of the twelve Federal Reserve Bank Presidents. The President of the New York Federal Reserve Bank is a permanent member while the other Presidents serve on a rotating basis. The Committee periodically meets to set Federal Reserve guidelines regarding purchases and sales of Government Securities in the open-market as a means of influencing the volume of bank credit and money.

Federal Reserve System: The central bank of the United States created by Congress and consisting of a seven member Board of Governors in Washington, D.C. 12 regional banks and about 5,700 commercial banks that are members of the system.

Government National Mortgage Association (GNMA or Ginnie Mae): Securities guaranteed by GNMA and issued by mortgage bankers, commercial banks, savings and loan associations, and other institutions. Security holder is protected by full faith and credit of the U.S. Government, Ginnie Mae securities are backed by FHA, VA or FMHM mortgages. The term pass-through is often used to describe Ginnie Maes.

Liquidity: A liquid asset is one that can be converted easily and rapidly into cash without a substantial loss of value. In the money market, a security is said to be liquid if the spread between bid and asked prices is narrow and reasonable size can be done at those quotes.

Local Government Investment Pool (LGIP): The aggregate of all funds from political subdivisions that are placed in the custody of the State Treasurer for investment and reinvestment.

Market Value: The price at which a security is trading and could presumably be purchased or sold.

Master Repurchase Agreement: To protect investors, many public investors will request that repurchase agreements be preceded by a master repurchase agreement between the investor and the financial institution or dealer. The master agreement should define the nature of the transaction, identify the relationship between the parties, establish normal practices regarding ownership and custody of the collateral securities during the term of the investment, provide remedies in the case of default by either party and clarify

issues of ownership. The master repurchase agreement protects the investor by eliminating the uncertainty of ownership and hence, allowing investors to liquidate collateral if a bank or dealer defaults during the term of the agreement.

Maturity: The date upon which the principal or stated value of an investment becomes due and payable.

Money Market: The market in which short-term debt instruments (bills, commercial paper, bankers' acceptances, etc.) are issued and traded.

Open Market Operations: Purchases and sales of government and certain other securities in the open market by the New York Federal Reserve Bank as directed by the FOMC in order to influence the volume of money and credit in the economy. Purchases inject reserves into the bank system and stimulate growth of money and credit; sales have the opposite effect. Open market operations are the Federal Reserve's most important and most flexible monetary policy tool.

Portfolio: Collection of securities held by an investor.

Primary Dealer: A group of government securities dealers that submit daily reports of market activity and positions and monthly financial statements to the Federal Reserve Bank of New York and are subject to its informal oversight. Primary dealers include Securities and Exchange Commission (SEC) registered securities broker-dealers, banks and a few unregulated firms.

Prudent Person Rule: An investment standard. Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

Qualified Public Depositories: A financial institution which does not claim exemption from the payment of any sales or compensating use or ad valorem taxes under the laws of this state, which has segregated for the benefit of the commission eligible collateral having a value of not less than its maximum liability and which has been approved by the Public Deposit Protection Commission to hold public deposits.

Rate of Return: The yield obtainable on a security based on its purchase price or its current market price. This may be the amortized yield to maturity on a bond or the current income return.

Repurchase Agreement (RP or REPO): A holder of securities sells these securities to an investor with an agreement to repurchase them at a fixed price on a fixed date. The security "buyer" in effect lends the "seller" money for the period of the agreement, and the terms of the agreement are structured to compensate him for this. Dealers use RP extensively to finance their positions. Exception: When the Fed is said to be doing RP, it is lending money which is, increasing bank reserves.

Safekeeping: A service to customers rendered by banks for a fee whereby securities and valuables of all types and descriptions are held in the bank's vaults for protection.

SEC Rule 15C3-1: See uniform net capital rule.

Secondary Market: A market made for the purchase and sale of outstanding issues following the initial distribution.

Securities & Exchange Commission: Agency created by Congress to protect investors in securities transactions by administering securities legislation.

Treasury Bills: A non-interest bearing discount security issued by the U.S. Treasury to finance the national debt. Most bills are issued to mature in three months, six months or one year.

Treasury Bonds: Long-term U.S. Treasury securities having initial maturities of more than ten years.

Treasury Notes: Intermediate term coupon bearing U.S. Treasury securities having initial maturities from one to ten years.

Yield: The rate of annual income return on an investment, expressed as a percentage.

(a) **Income Yield** is obtained by dividing the current dollar income by the current market price of the security. (b) **Net Yield** or **Yield to Maturity** is the current income yield minus any premium above par or plus any discount from par in purchase price, with the adjustment spread over the period from the date of purchase to the date of maturity of the bond.

Uniform Net Capital Rule: Securities and Exchange Commission requirement that member firms as well as nonmember broker-dealers in securities maintain a maximum ratio of indebtedness to liquid capital of 15 to 1; also call **net capital rule** and **net capital ratio**. Indebtedness covers all money owed to a firm, including margin loans and commitments to purchase securities, one reason new public issues are spread among members of underwriting syndicates. Liquid capital includes cash and assets easily converted into cash.

CITY OF ROANOKE
Authorized Broker/Dealer List

Wells Fargo Securities, LLC	Chuck Landry	214-777-4018
Raymond James	Josh Spain	804-225-1150
Multi-Bank Securities, Inc.	Carol Mackoff	888-857-4740
Hilltop Securities, Inc.	Gilbert Ramon	713-654-8606 (added)
Stifel Fixed Income Capital Markets	Darlyne Haba	800-786-1268 (added)

Note: The Investment Committee officially approves the Broker/Dealer Firm. Representative name and office location are for informational purposes only and subject to change.

CITY OF ROANOKE

Approved Independent Training Sources

In order to ensure the quality and capability of the investment personnel, the City shall provide periodic training in investments through courses and seminars offered by professional organizations and associations as required by the PFIA, including education in investment controls, security risks, strategy risks, market risks, diversification of investment portfolio, and compliance with the PFIA.

Approved Independent Training Sources

- American Institute of Certified Public Accountants
- Council of Governments
- International City/County Management Association
- Government Finance Officers Association
- Government Finance Officers Association of Texas
- Government Treasurers' Organization of Texas
- Texas City Management Association
- Texas Municipal Clerks Association
- Texas Municipal League
- TEXPO
- University of North Texas Center for Public Management